

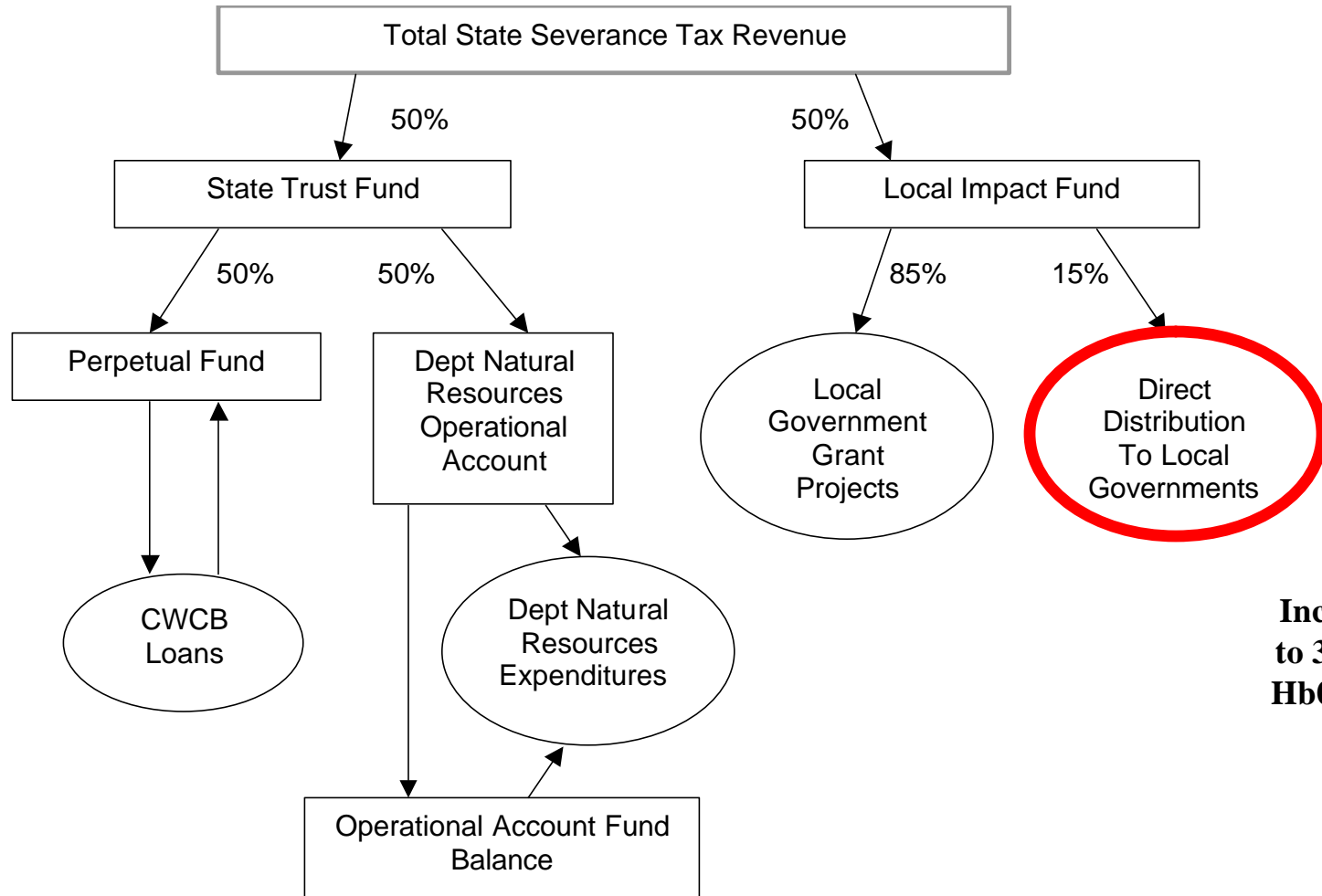
# **Alternative Direct Distribution Metrics**

**A review of specific proposed metrics  
for the Severance Tax  
and Federal Mineral Lease  
Direct Distribution Statutes**

## Metrics for the Direct Distributions

- 1) are payments to municipalities and counties only
- 2) for the impacts of mineral and energy development.
- 3) made once each year
- 4) on the basis of a data driven formula calculation.

**A portion of state severance tax revenue  
is distributed directly to local governments  
on the basis of the reported residence of employees of severance taxpayers.**



**Increased  
to 30% by  
Hb07-1139**

**Federal mineral lease revenues to the state are distributed in a complex “cascade” formula set in state statute, which also has a direct distribution component.**

## FEDERAL MINERAL LEASING ACT

Sends revenue from the Naval Oil Shale Reserve to a special set aside in the US. Treasury

Returns 50% of rentals and royalties from federal lands in the state of origin.

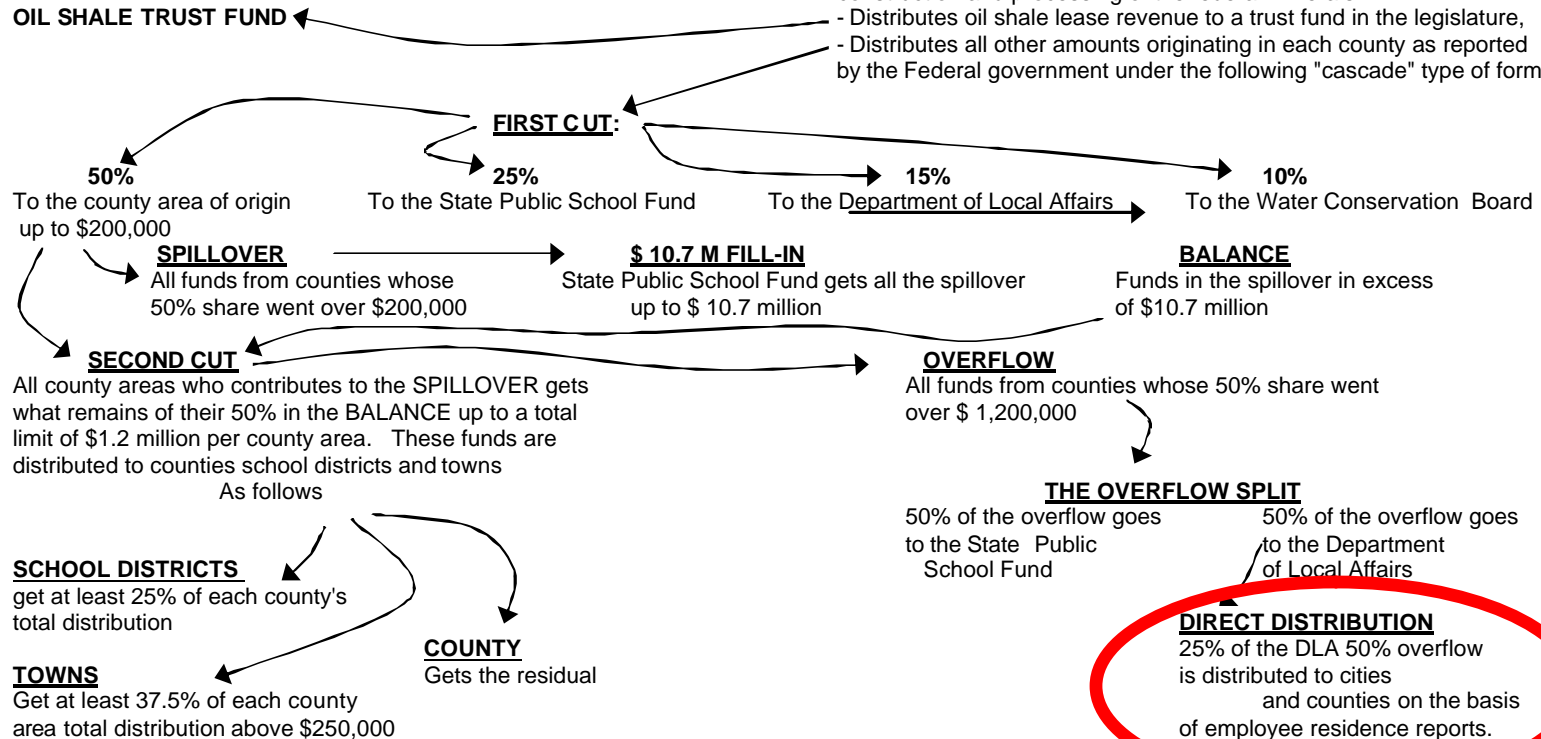
- Directs that such funds be used by the states for planning, maintenance of public facilities and services in areas of the state Socially and economically impacted by mineral development.

**COLORADO MINERAL LEASING FUND**

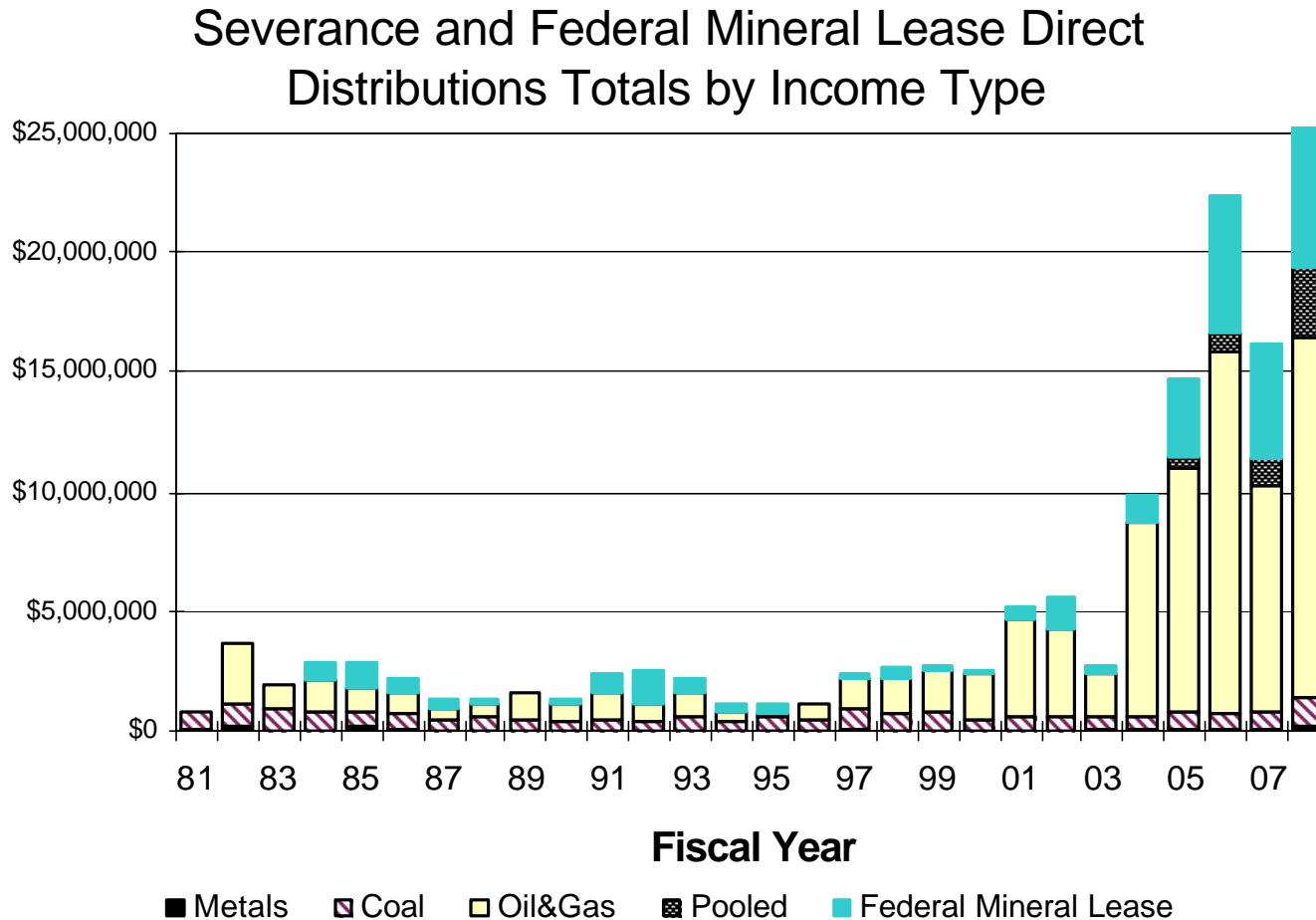
-Colorado statute (CRS 34-63-102) directs that in the distribution of these funds priority shall be given to school districts and political subdivisions socially or economically impacted by the development or construction and processing of the federal minerals.

- Distributes oil shale lease revenue to a trust fund in the legislature,

- Distributes all other amounts originating in each county as reported by the Federal government under the following "cascade" type of formula:



**The mineral impact direct distribution amounts have ranged widely, and we forecast 2008 with the 30% severance share directed by Hb07-1139**



## **Communities have identified problems with the current Employee Reported Residence (ERR) Metric**

**The ERR metric does not cover the whole range of local government impacts in the **life cycle** of mineral projects from speculative planning through heavy impacts and on to the post project transitions.**

**A single year ERR metric does not capture challenges to local governments that come with the high **rates of change** in the mineral sector such as from commodity price cycles and speculative mineral projects.**

**The ERR metric of mineral activity costs does not capture the **benefit of mineral activity** that offset costs in many communities.**

**Challenging problems have arisen with the administration of the Employee Residence Reporting (ERR) system**

**Alternative metrics may look easier, but experience shows that when money distributions are involved,**

**Any alternative metric will have similar difficulties.**

**The statutory language specification is necessary for the effective reform of these distributions.**

**Any new metric on which to distribute these funds must consider five criteria:**

- Revenue is provided **when** the local government need financial impact assistance.**
- Revenue is provided **where** local government fiscal impacts occur.**
- **Reliable** over the long term.**
- **Ease** of administration**
- **Understandable** to stakeholders**



## **Proposed Four Pot Direct Distribution Method:**

- Divide the statutory direct distribution amounts into four pots and calculate each on the basis of a different metric of impact.**
- Sum the resulting four calculations for each jurisdiction and make the direct distribution payment once each year to towns and counties.**

## **Proposed Four Metrics for this demonstration:**

- To capture the population impacts in specific towns** we use here the current severance taxpayer employee reported residence count for each county and municipality segregated by mineral type.
- To capture the impacts on county roads** we use here the county drilling rig counts multiplied by county road miles percapita. The subcounty distribution by population.
- To capture the amount of mineral revenue contributed** we use here a mineral production index for each county. The subcounty distribution by population.
- To capture the unmet costs in local government finance** caused by mineral impacts we use here a cost-to-revenue index for each county. The subcounty distribution by population.

**Following are tables  
for each of the four distributions  
showing the construction of the impact metric  
from raw data provided by reliable sources.**

**The metrics and raw data series meet the design criteria to various degrees:  
(Rating 1 to 5 with 5 being very good)**

	<b>Employee Residence</b>	<b>Mineral Activity</b>	<b>Rig Roads</b>	<b>Cost to Revenues</b>
<b>When</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>4</b>
<b>Where</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>3</b>
<b>Reliable</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>4</b>
<b>Administration</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>3</b>
<b>Understandable</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>2</b>

**POT#1: The current direct distribution has an experienced community of stakeholders and is the only metric presented which measures at the municipal level of detail.**

<b>POT#1: Industry Employee Residents Reported</b>									
	Oil&Gas	Coal	Metals	Payments		Oil&Gas	Coal	Metals	Payments
	CY2006	CY2006	CY2006	per ERR		CY2006	CY2006	CY2006	per ERR
	\$3,443.74	\$481.04	\$402.93	\$ 000					\$ 000
<b>Totals</b>	<b>4,552</b>	<b>1,788</b>	<b>397</b>	<b>\$4,174</b>					
Adams	78	0	4	\$68	Kit Carson	5	-	-	\$4
Alamosa	0	0	0	\$0	Lake	1	-	5	\$1
Arapahoe	28	0	3	\$24	La Plata	165	15	-	\$144
Archuleta	4	0	0	\$3	Larimer	50	-	1	\$43
Baca	3	0	0	\$3	Las Animas	251	-	-	\$216
Bent	2	0	0	\$2	Lincoln	4	-	-	\$3
Boulder	17	0	3	\$15	Logan	56	-	-	\$48
Broomfield	4	0	2	\$4	Mesa	1,611	62	1	\$1,395
Chaffee	2	0	2	\$2	Mineral	-	-	-	\$0
Cheyenne	28	0	0	\$24	Moffat	44	519	-	\$100
Clear Creek	0	0	41	\$4	Montezuma	28	11	-	\$25
Conejos	1	0	0	\$1	Montrose	14	70	-	\$20
Costilla	0	0	1	\$0	Morgan	56	-	-	\$48
Crowley	1	0	1	\$1	Otero	1	-	-	\$1
Custer	0	0	0	\$0	Ouray	1	-	1	\$1
Delta	37	811	0	\$129	Park	-	-	12	\$1
Denver	31	0	2	\$27	Phillips	-	-	-	\$0
Dolores	13	0	0	\$11	Pitkin	1	-	1	\$1
Douglas	14	0	3	\$12	Prowers	7	-	-	\$6
Eagle	6	0	0	\$5	Pueblo	6	-	8	\$6
Elbert	4	0	1	\$4	Rio Blanco	262	113	26	\$242
El Paso	17	1	14	\$16	Rio Grande	3	-	1	\$3
Fremont	14	0	73	\$19	Routt	5	165	1	\$24
Garfield	1,091	5	8	\$941	Saguache	3	-	-	\$3
Gilpin	0	0	0	\$0	San Juan	-	-	-	\$0
Grand	0	0	18	\$2	San Miguel	-	1	-	\$0
Gunnison	1	12	0	\$2	Sedgwick	-	-	-	\$0
Hinsdale	0	0	5	\$1	Summit	4	-	3	\$4
Huerfano	19	0	0	\$16	Teller	1	-	117	\$13
Jackson	5	1	0	\$4	Washington	7	1	-	\$6
Jefferson	38	0	36	\$36	Weld	404	1	3	\$348
Kiowa	5	0	0	\$4	Yuma	99	-	-	\$85

**POT#2: Mineral activity measures here are well regulated by the source agencies.**  
**The data is only available at the county level so the funds are allocated to municipalities on the basis of population**

POT#2: Mineral Activity Index					State												
	Oil & Gas	Oil&Gas	Coal	Metals	Assessed	Combined	Payments			Oil & Gas	Oil&Gas	Coal	Metals	Assessed	Combined	Payments	
	Drilling	CY2006	CY2006	CY2006	Railroads	Mineral	Per Mining			Drilling	CY2006	CY2006	CY2006	Railroads	Mineral	Per Mining	
	Permits	BCF	Million	\$M	Powerplants	Activity	Index			Permits	BCF	Million	\$M	Powerplants	Activity	Index	
	Approved	Equivalent	tons/Year		Pipelines	Index	\$ 000			Approved	Equivalent	tons/Year		Pipelines	Index	\$ 000	
	5,904	1,566	35	\$1,174	\$2,693	29,520	\$4,174										
Adams	37	9	-	-	226	567	\$80	Kit Carson	4	0	-	\$0	\$14	37	\$5		
Alamosa	-	-	-	-	8	18	\$3	Lake	-	-	-	\$0	\$8	19	\$3		
Arapahoe	11	1	-	-	125	288	\$41	La Plata	235	439	0	\$0	\$46	2,073	\$293		
Archuleta	14	4	-	-	6	41	\$6	Larimer	-	1	-	\$0	\$44	99	\$14		
Baca	2	3	-	-	22	59	\$8	Las Animas	500	101	-	\$0	\$30	945	\$134		
Bent	8	0	-	-	13	39	\$6	Lincoln	1	1	-	\$0	\$16	39	\$6		
Boulder	21	3	-	0.0	97	246	\$35	Logan	17	2	-	\$0	\$39	108	\$15		
Broomfield	1	1	-	-	12	30	\$4	Mesa	265	15	-	\$0	\$67	470	\$66		
Chaffee	-	-	-	-	11	24	\$3	Mineral	-	-	-	\$0	\$1	1	\$0		
Cheyenne	21	17	-	-	10	109	\$15	Moffat	120	21	8	\$0	\$158	1,945	\$275		
Clear Creek	-	-	-	782.8	13	3,967	\$561	Montezuma	5	169	-	\$0	\$28	705	\$100		
Conejos	-	-	-	-	2	5	\$1	Montrose	1	-	0	\$0	\$40	156	\$22		
Costilla	-	-	-	-	1	2	\$0	Morgan	3	1	-	\$0	\$135	302	\$43		
Crowley	-	-	-	-	2	4	\$1	Otero	-	-	-	\$0	\$14	31	\$4		
Custer	-	-	-	-	2	3	\$0	Ouray	-	-	-	\$0	\$4	9	\$1		
Delta	9	0	7.0	-	17	1,205	\$170	Park	-	-	-	\$0	\$8	20	\$3		
Denver	19	0	-	-	201	461	\$65	Phillips	12	1	-	\$0	\$2	19	\$3		
Dolores	6	13	-	-	9	75	\$11	Pitkin	-	-	-	\$0	\$10	21	\$3		
Douglas	-	-	-	-	71	157	\$22	Prowers	7	1	-	\$0	\$45	110	\$16		
Eagle	-	-	-	-	37	81	\$12	Pueblo	-	-	-	\$0	\$89	196	\$28		
Elbert	4	0	-	-	10	28	\$4	Rio Blanco	360	78	2	\$2	\$30	1,017	\$144		
El Paso	-	-	-	-	114	249	\$35	Rio Grande	-	-	-	\$0	\$6	14	\$2		
Fremont	2	0	-	-	13	31	\$4	Routt	9	1	9	\$0	\$74	1,605	\$227		
Garfield	1,845	346	0.3	-	44	3,291	\$465	Saguache	-	-	-	\$0	\$4	8	\$1		
Gilpin	-	-	-	-	4	9	\$1	San Juan	-	-	-	\$0	\$1	3	\$0		
Grand	-	-	-	199.5	19	1,045	\$148	San Miquel	35	22	-	\$0	\$10	140	\$20		
Gunnison	19	1	8.6	-	6	1,468	\$208	Sedgwick	7	0	-	\$0	\$9	27	\$4		
Hinsdale	-	-	-	3.3	1	18	\$3	Summit	-	-	-	\$0	\$22	48	\$7		
Huerfano	-	14	-	-	8	70	\$10	Teller	-	-	-	\$185	\$10	953	\$135		
Jackson	8	1	-	-	1	16	\$2	Washington	69	6	-	\$0	\$18	133	\$19		
Jefferson	1	-	-	-	167	368	\$52	Weld	1,418	255	-	\$0	\$417	3,292	\$466		
Kiowa	11	2	-	-	2	21	\$3	Yuma	797	37	-	\$0	\$19	978	\$138		

**POT#3: The rig road impact measure multiplies the annual average rig count by the reported county road miles divided by the county population. Funds would only be distributed to county governments.**

<b>POT#3: Rig Road Activity Index</b>											
	Rig Count	HUTF Road Miles	Population Estimate 2006	Rig & Road Index	Payments Per Rig Index \$ 000		Rig Count	HUTF Road Miles	Population Estimate 2006	Rig & Road Index	Payments Per Rig Index \$ 000
	CY2006	CY2005		Rig/Road/Pop			CY2006	CY2005			
	91	58,689	4,812,289	355	\$4,174						
Adams	0	1,143	415,010	0.0	\$1	Kit Carson	0	2,117	7,814	0.9	\$11
Alamosa	-	646	15,765	-	\$0	Lake	-	659	8,054	-	\$0
Arapahoe	0	518	542,316	0.0	\$0	La Plata	3	148	48,752	1.0	\$11
Archuleta	0	574	12,208	0.7	\$8	Larimer	-	1,055	276,681	-	\$0
Baca	-	1,848	4,263	-	\$0	Las Animas	1	1,542	16,465	9.1	\$107
Bent	0	747	6,266	3.2	\$38	Lincoln	0	1,460	5,770	1.4	\$16
Boulder	0	654	288,603	0.0	\$0	Logan	0	1,856	21,684	1.9	\$22
Broomfield	-	-	47,521	-	\$0	Mesa	7	1,371	135,468	6.9	\$81
Chaffee	-	351	16,919	-	\$0	Mineral	-	192	966	-	\$0
Cheyenne	0	1,080	2,057	11.2	\$131	Moffat	3	1,652	13,729	40.5	\$475
Clear Creek	-	198	9,483	-	\$0	Montezuma	0	775	25,343	0.5	\$6
Conejos	-	604	8,587	-	\$0	Montrose	-	1,368	38,903	-	\$0
Costilla	-	1,644	3,602	-	\$0	Morgan	0	1,083	28,540	0.2	\$2
Crowley	-	465	6,092	-	\$0	Otero	-	653	19,452	-	\$0
Custer	-	359	4,000	-	\$0	Ouray	-	243	4,358	-	\$0
Delta	-	715	30,676	-	\$0	Park	-	1,668	16,802	-	\$0
Denver	0	-	580,223	-	\$0	Phillips	-	1,015	4,633	-	\$0
Dolores	0	564	1,946	1.6	\$19	Pitkin	-	261	16,420	-	\$0
Douglas	-	1,127	265,470	-	\$0	Prowers	0	1,261	13,800	1.9	\$22
Eagle	-	517	50,894	-	\$0	Pueblo	-	1,210	153,243	-	\$0
Elbert	0	1,978	23,235	0.2	\$2	Rio Blanco	8	913	6,288	111.0	\$1,305
El Paso	-	1,222	578,003	-	\$0	Rio Grande	-	569	12,803	-	\$0
Fremont	-	581	48,117	-	\$0	Routt	0	851	22,187	0.6	\$7
Garfield	48	704	52,880	63.5	\$747	Saguache	-	899	6,568	-	\$0
Gilpin	-	148	5,088	-	\$0	San Juan	-	180	589	-	\$0
Grand	-	815	14,222	-	\$0	San Miguel	2	654	7,345	16.5	\$194
Gunnison	0	817	14,437	2.1	\$24	Sedgwick	-	632	2,606	-	\$0
Hinsdale	-	247	851	-	\$0	Summit	-	209	27,964	-	\$0
Huerfano	-	674	8,020	-	\$0	Teller	-	568	22,726	-	\$0
Jackson	0	546	1,520	9.4	\$111	Washington	0	2,348	4,936	5.2	\$61
Jefferson	-	1,254	534,691	-	\$0	Weld	15	3,076	236,908	19.2	\$225
Kiowa	0	1,179	1,518	12.1	\$142	Yuma	2	2,282	10,009	34.7	\$407

## POT#4: Data for the impact costs to revenues ratio takes two pages.

<b>POT#4: Cost to Revenue Index</b>										
	<b>Cost Factors</b>			Mineral	<b>Revenue Factors</b>			Local	Local	<b>Payments</b>
	Total	Rig &	Mine	Impact	All Mineral	Federal	Mineral	Cost to	Rev	
	Employees	Road	Inventory	Cost	Ppty Tax	Lease	Revenue	Revenue	Makeup	
	Reported	Index		Index	Revenue	Payments	Index	Ratio	Index	<b>to Rev</b>
	<b>6,737</b>	<b>355</b>	<b>2,069</b>	<b>20,211</b>	<b>\$220</b>	<b>\$17</b>	<b>\$237</b>	<b>85</b>	<b>2,610</b>	<b>\$ 000</b>
Adams	82	0.0	47	236	\$10.4	\$0.0	\$10.4	23	3	<b>\$5</b>
Alamosa	-	-	10	33	\$0.3	\$0.0	\$0.3	119	2	<b>\$4</b>
Arapahoe	31	0.0	4	44	\$4.2	\$0.0	\$4.2	11	0	<b>\$0</b>
Archuleta	4	0.7	28	109	\$0.5	\$0.0	\$0.5	215	14	<b>\$22</b>
Baca	3	-	14	49	\$1.0	\$0.0	\$1.0	48	1	<b>\$2</b>
Bent	2	3.2	19	125	\$0.6	\$0.0	\$0.6	224	16	<b>\$26</b>
Boulder	20	0.0	58	208	\$2.8	\$0.0	\$2.8	74	9	<b>\$14</b>
Broomfield	6	-	-	6	\$0.6	\$0.0	\$0.6	10	0	<b>\$0</b>
Chaffee	4	-	29	99	\$0.2	\$0.0	\$0.2	602	35	<b>\$56</b>
Cheyenne	28	11.2	21	308	\$2.0	\$0.0	\$2.0	157	28	<b>\$45</b>
Clear Creek	41	-	19	103	\$2.5	\$0.0	\$2.5	41	2	<b>\$4</b>
Conejos	1	-	14	47	\$0.1	\$0.0	\$0.1	506	14	<b>\$22</b>
Costilla	1	-	11	37	\$0.0	\$0.0	\$0.0	1,068	23	<b>\$36</b>
Crowley	2	-	7	25	\$0.1	\$0.0	\$0.1	283	4	<b>\$7</b>
Custer	-	-	18	57	\$0.0	\$0.0	\$0.0	1,425	47	<b>\$76</b>
Delta	848	-	53	1,021	\$1.2	\$1.6	\$2.9	356	211	<b>\$337</b>
Denver	33	-	-	33	\$8.2	\$0.0	\$8.2	4	0	<b>\$0</b>
Dolores	13	1.6	10	77	\$0.5	\$0.9	\$1.4	55	2	<b>\$4</b>
Douglas	17	-	21	86	\$3.5	\$0.0	\$3.5	24	1	<b>\$2</b>
Eagle	6	-	20	72	\$1.3	\$0.0	\$1.3	57	2	<b>\$4</b>
Elbert	5	0.2	31	109	\$0.5	\$0.0	\$0.5	201	13	<b>\$20</b>
El Paso	32	-	29	128	\$1.8	\$0.0	\$1.8	71	5	<b>\$8</b>
Fremont	87	-	82	353	\$0.5	\$0.0	\$0.5	757	155	<b>\$248</b>
Garfield	1,104	63.5	37	2,430	\$29.2	\$2.3	\$31.5	77	109	<b>\$174</b>
Gilpin	-	-	19	62	\$0.1	\$0.0	\$0.1	743	27	<b>\$43</b>
Grand	18	-	23	93	\$0.8	\$0.0	\$0.8	117	6	<b>\$10</b>
Gunnison	13	2.1	46	204	\$1.8	\$0.9	\$2.7	76	9	<b>\$14</b>
Hinsdale	5	-	9	35	\$0.0	\$0.0	\$0.0	852	17	<b>\$27</b>
Huerfano	19	-	36	137	\$0.8	\$0.1	\$0.9	145	12	<b>\$18</b>
Jackson	6	9.4	18	244	\$0.1	\$0.1	\$0.3	928	131	<b>\$210</b>
Jefferson	74	-	26	160	\$6.3	\$0.0	\$6.3	25	2	<b>\$4</b>
Kiowa	5	12.1	8	260	\$0.7	\$0.0	\$0.7	369	56	<b>\$89</b>

## The impact cost to revenue measure, page 2

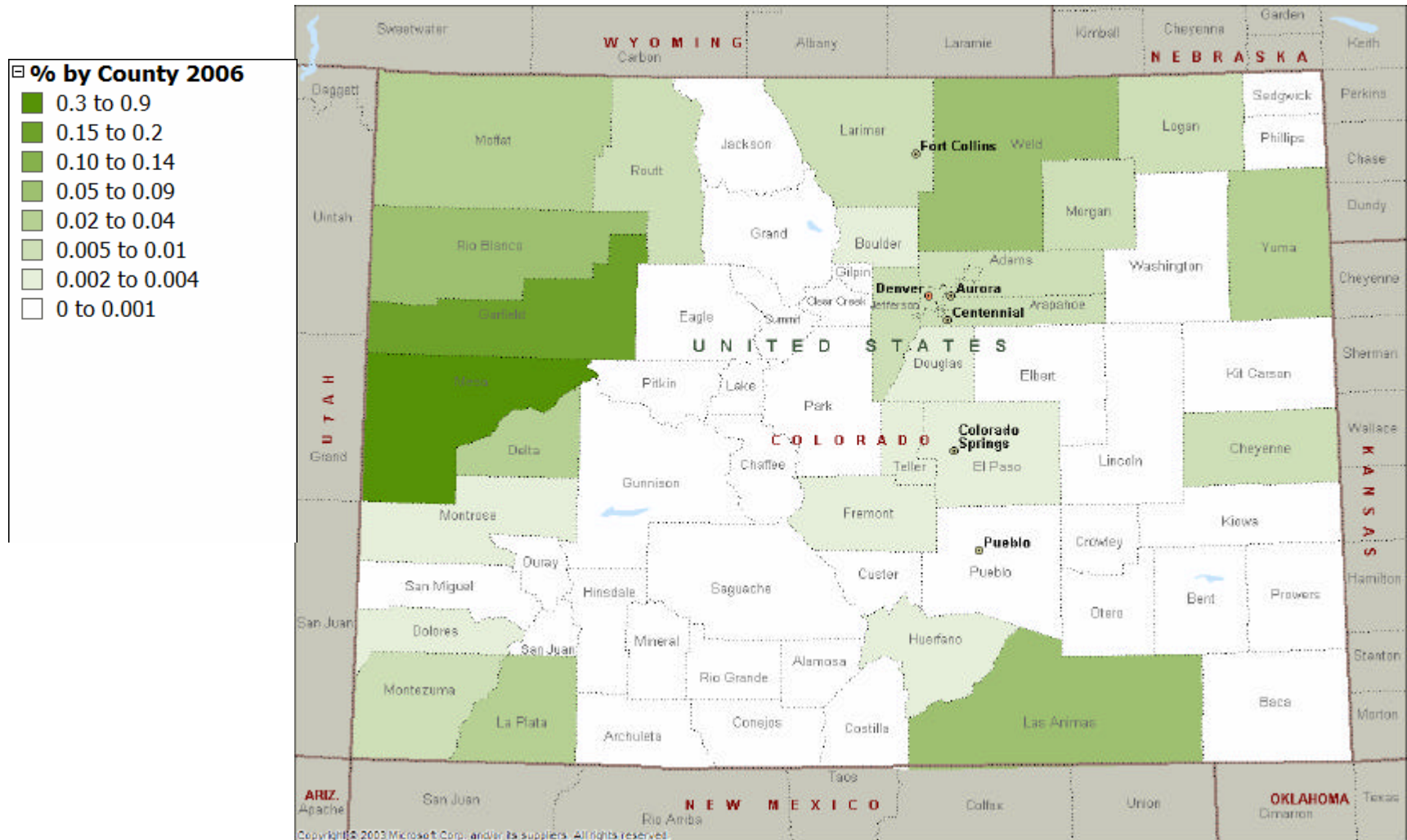
<b>POT#4: Cost to Revenue Index Page 2</b>										
	<b>Cost Factors</b>			Mineral	<b>Revenue Factors</b>			Local	Local	<b>Payments</b>
	Total	Rig &	Mine	Impact	All Mineral	Federal	Mineral	Cost to	Rev	<b>Per Cost</b>
	Employees	Road	Inventory	Cost	Ppty Tax	Lease	Revenue	Revenue	Makeup	<b>to Rev</b>
	Reported	Index		Index	Revenue	Payments	Index	Ratio	Index	<b>\$ 000</b>
Kit Carson	5	1	36	139	\$0.7	\$0.0	\$0.7	\$195.1	16	<b>25</b>
Lake	6	-	23	81	\$0.7	\$0.0	\$0.7	\$110.0	5	<b>8</b>
La Plata	180	1	56	381	\$22.3	\$0.7	\$23.0	\$16.6	4	<b>6</b>
Larimer	51	-	95	359	\$1.4	\$0.0	\$1.4	\$252.2	52	<b>84</b>
Las Animas	251	9	38	548	\$4.6	\$0.4	\$5.0	\$109.8	35	<b>56</b>
Lincoln	4	1	33	137	\$0.8	\$0.0	\$0.8	\$170.8	14	<b>22</b>
Logan	56	2	44	234	\$1.4	\$0.0	\$1.4	\$169.7	23	<b>37</b>
Mesa	1,674	7	91	2,102	\$2.7	\$3.2	\$5.9	\$359.0	438	<b>700</b>
Mineral	-	-	5	18	\$0.0	\$0.0	\$0.0	\$904.6	9	<b>15</b>
Moffat	563	40	62	1,532	\$7.3	\$1.7	\$9.0	\$170.7	152	<b>243</b>
Montezuma	39	0	20	113	\$3.6	\$0.9	\$4.5	\$25.2	2	<b>3</b>
Montrose	84	-	97	398	\$1.5	\$0.2	\$1.7	\$238.6	55	<b>88</b>
Morgan	56	0	33	167	\$5.2	\$0.0	\$5.2	\$32.2	3	<b>5</b>
Otero	1	-	19	63	\$0.4	\$0.0	\$0.4	\$168.6	6	<b>10</b>
Ouray	2	-	18	60	\$0.1	\$0.0	\$0.1	\$673.6	23	<b>37</b>
Park	12	-	35	125	\$0.2	\$0.0	\$0.3	\$471.9	34	<b>55</b>
Phillips	-	-	19	62	\$0.1	\$0.0	\$0.1	\$668.2	24	<b>38</b>
Pitkin	2	-	9	30	\$0.2	\$0.0	\$0.2	\$162.3	3	<b>4</b>
Prowers	7	2	40	173	\$1.6	\$0.0	\$1.7	\$104.9	11	<b>17</b>
Pueblo	14	-	52	183	\$3.8	\$0.0	\$3.8	\$48.5	5	<b>8</b>
Rio Blanco	401	111	73	2,745	\$9.5	\$1.4	\$10.9	\$251.7	401	<b>641</b>
Rio Grande	4	-	17	60	\$0.2	\$0.0	\$0.2	\$351.8	12	<b>19</b>
Routt	171	1	60	378	\$2.4	\$0.4	\$2.8	\$135.8	30	<b>48</b>
Saguache	3	-	28	93	\$0.1	\$0.0	\$0.1	\$669.2	36	<b>58</b>
San Juan	-	-	16	52	\$0.0	\$0.0	\$0.0	\$1,842.6	56	<b>89</b>
San Miguel	1	17	52	485	\$2.0	\$0.9	\$2.9	\$164.9	46	<b>74</b>
Sedgwick	-	-	6	20	\$0.3	\$0.0	\$0.3	\$67.3	1	<b>1</b>
Summit	7	-	12	47	\$0.6	\$0.0	\$0.6	\$84.3	2	<b>4</b>
Teller	118	-	43	259	\$1.4	\$0.0	\$1.4	\$185.5	28	<b>45</b>
Washington	8	5	26	190	\$1.6	\$0.0	\$1.6	\$117.7	13	<b>21</b>
Weld	408	19	118	1,156	\$57.5	\$0.4	\$57.9	\$20.0	13	<b>21</b>
Yuma	99	35	24	835	\$3.8	\$0.2	\$4.0	\$209.2	101	<b>162</b>



**All together the four metrics produce a familiar pattern of the top five counties but significant changes throughout the state, particularly for smaller counties.**

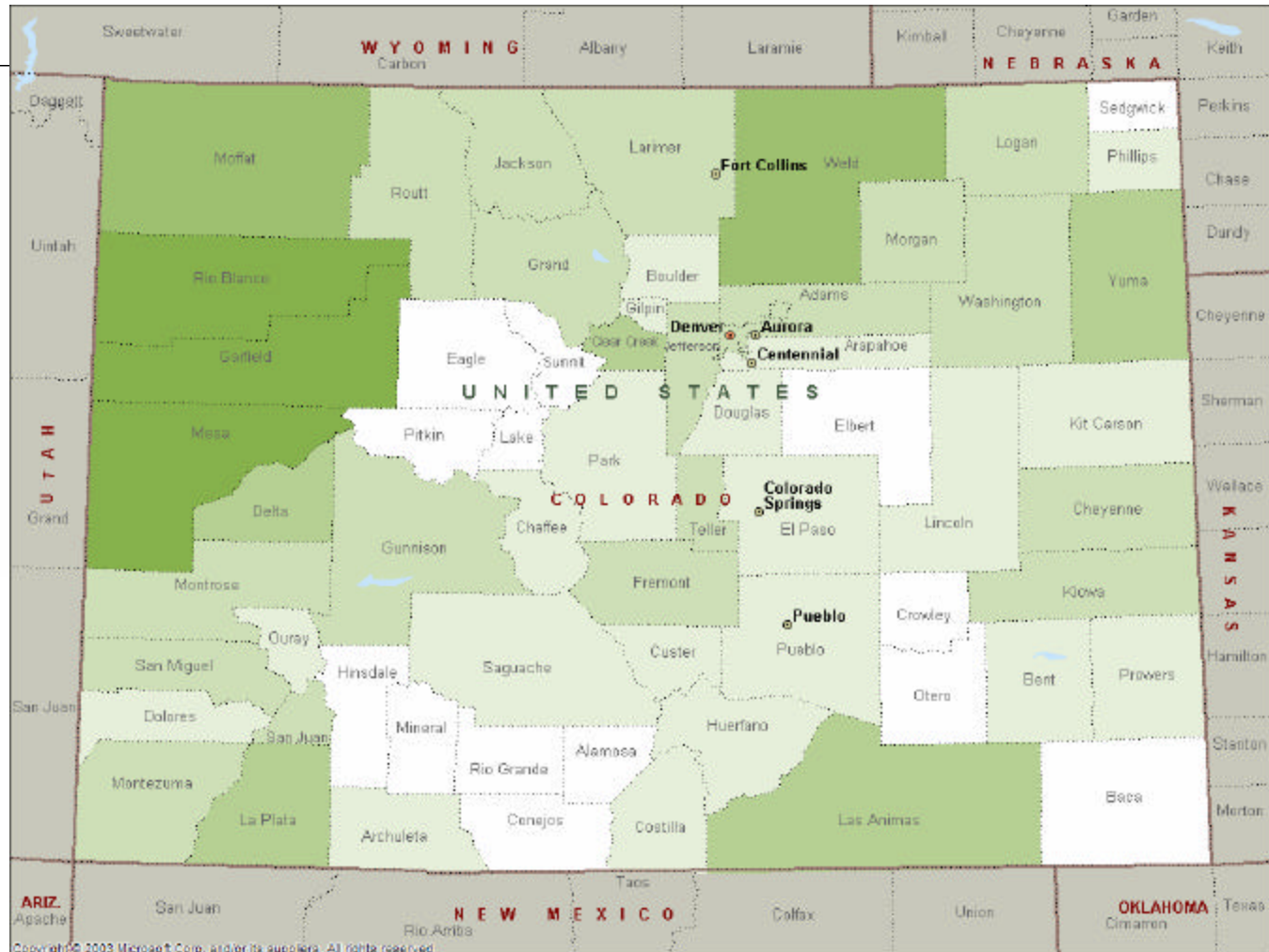
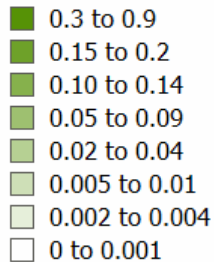
Combined Payment from Four POTS \$ 000														
	Payments	Payments	Per Rig	Per Cost	Total	Current							Total	Current
	per ERR	Per Mining	Index	to Rev	of all	ERR			Payments	Payments	Per Rig	Per Cost	of all	ERR
		Index			Four	Distribution			per ERR	Per Mining	Index	to Rev	Four	Distribution
	\$4,174	\$4,174	\$4,174	\$4,174	\$16,696	\$16,696				Index			POTS	
Adams	\$68	\$80	\$1	\$5	\$153	\$270	Kit Carson	\$4	\$5	\$11	\$25	\$45	\$17	
Alamosa	\$0	\$3	\$0	\$4	\$6	\$0	Lake	\$1	\$3	\$0	\$8	\$12	\$5	
Arapahoe	\$24	\$41	\$0	\$0	\$66	\$98	La Plata	\$144	\$293	\$11	\$6	\$454	\$575	
Archuleta	\$3	\$6	\$8	\$22	\$39	\$14	Larimer	\$43	\$14	\$0	\$84	\$141	\$173	
Baca	\$3	\$8	\$0	\$2	\$13	\$10	Las Animas	\$216	\$134	\$107	\$56	\$512	\$864	
Bent	\$2	\$6	\$38	\$26	\$71	\$7	Lincoln	\$3	\$6	\$16	\$22	\$47	\$14	
Boulder	\$15	\$35	\$0	\$14	\$64	\$60	Logan	\$48	\$15	\$22	\$37	\$122	\$193	
Broomfield	\$4	\$4	\$0	\$0	\$8	\$15	Mesa	\$1,395	\$66	\$81	\$700	\$2,242	\$5,578	
Chaffee	\$2	\$3	\$0	\$56	\$61	\$8	Mineral	\$0	\$0	\$0	\$15	\$15	\$0	
Cheyenne	\$24	\$15	\$131	\$45	\$215	\$96	Moffat	\$100	\$275	\$475	\$243	\$1,093	\$401	
Clear Creek	\$4	\$561	\$0	\$4	\$569	\$17	Montezuma	\$25	\$100	\$6	\$3	\$133	\$102	
Conejos	\$1	\$1	\$0	\$22	\$24	\$3	Montrose	\$20	\$22	\$0	\$88	\$131	\$82	
Costilla	\$0	\$0	\$0	\$36	\$37	\$0	Morgan	\$48	\$43	\$2	\$5	\$98	\$193	
Crowley	\$1	\$1	\$0	\$7	\$8	\$4	Otero	\$1	\$4	\$0	\$10	\$15	\$3	
Custer	\$0	\$0	\$0	\$76	\$76	\$0	Ouray	\$1	\$1	\$0	\$37	\$40	\$4	
Delta	\$129	\$170	\$0	\$337	\$637	\$518	Park	\$1	\$3	\$0	\$55	\$59	\$5	
Denver	\$27	\$65	\$0	\$0	\$92	\$108	Phillips	\$0	\$3	\$0	\$38	\$41	\$0	
Dolores	\$11	\$11	\$19	\$4	\$45	\$45	Pitkin	\$1	\$3	\$0	\$4	\$8	\$4	
Douglas	\$12	\$22	\$0	\$2	\$36	\$49	Prowers	\$6	\$16	\$22	\$17	\$61	\$24	
Eagle	\$5	\$12	\$0	\$4	\$20	\$21	Pueblo	\$6	\$28	\$0	\$8	\$42	\$24	
Elbert	\$4	\$4	\$2	\$20	\$30	\$14	Rio Blanco	\$242	\$144	\$1,305	\$641	\$2,331	\$967	
El Paso	\$16	\$35	\$0	\$8	\$60	\$65	Rio Grande	\$3	\$2	\$0	\$19	\$24	\$11	
Fremont	\$19	\$4	\$0	\$248	\$272	\$78	Routt	\$24	\$227	\$7	\$48	\$305	\$97	
Garfield	\$941	\$465	\$747	\$174	\$2,327	\$3,763	Saguache	\$3	\$1	\$0	\$58	\$61	\$10	
Gilpin	\$0	\$1	\$0	\$43	\$44	\$0	San Juan	\$0	\$0	\$0	\$89	\$90	\$0	
Grand	\$2	\$148	\$0	\$10	\$160	\$7	San Miguel	\$0	\$20	\$194	\$74	\$288	\$0	
Gunnison	\$2	\$208	\$24	\$14	\$249	\$9	Sedgwick	\$0	\$4	\$0	\$1	\$5	\$0	
Hinsdale	\$1	\$3	\$0	\$27	\$30	\$2	Summit	\$4	\$7	\$0	\$4	\$14	\$15	
Huerfano	\$16	\$10	\$0	\$18	\$45	\$65	Teller	\$13	\$135	\$0	\$45	\$192	\$51	
Jackson	\$4	\$2	\$111	\$210	\$327	\$18	Washington	\$6	\$19	\$61	\$21	\$106	\$25	
Jefferson	\$36	\$52	\$0	\$4	\$92	\$145	Weld	\$348	\$466	\$225	\$21	\$1,061	\$1,393	
Kiowa	\$4	\$3	\$142	\$89	\$238	\$17	Yuma	\$85	\$138	\$407	\$162	\$793	\$341	

# The existing Employee Residence Report based direct distribution concentrates the distributions.



# The Four Pot Method puts distributions into a wider range of counties than the existing Employee Residence Report.

## % by County 2006



**Examples of the municipal payments with each metric show that the use of population for the municipal distribution has a major impact for smaller counties.**

<b>Combined Payment from Four POTS \$ 000</b>						
	Payments	Payments	Per Rig	Per Cost	<b>Total</b>	Current
	per ERR	Per Mining	Index	to Rev	<b>of all</b>	ERR
		Index	0	0	<b>Four</b>	Distribution
					<b>POTS</b>	
<b>ADAMS COUNTY</b>	\$67.6	\$80.1	\$0.5	\$4.9	<b>\$153.2</b>	\$270.2
Arvada (MCP) AdamsCo	\$0.0	\$0.5	\$0.0	\$0.0	<b>\$0.6</b>	\$0.0
Aurora (MCP) AdamsCo	\$0.0	\$8.2	\$0.0	\$0.5	<b>\$8.7</b>	\$0.0
Bennett (MCP) AdamsCo	\$4.3	\$0.4	\$0.0	\$0.0	<b>\$4.7</b>	\$17.2
Brighton (MCP) AdamsCo	\$33.6	\$5.8	\$0.0	\$0.4	<b>\$39.7</b>	\$134.3
Commerce City city	\$4.4	\$6.8	\$0.0	\$0.4	<b>\$11.7</b>	\$17.6
Federal Heights city	\$0.0	\$2.3	\$0.0	\$0.1	<b>\$2.4</b>	\$0.0
Northglenn (MCP) AdamsCo	\$3.4	\$6.9	\$0.0	\$0.4	<b>\$10.8</b>	\$13.8
Thornton (MCP) AdamsCo	\$12.4	\$21.2	\$0.0	\$1.3	<b>\$34.8</b>	\$49.4
Westminster (MCP) AdamsCo	\$0.0	\$11.8	\$0.0	\$0.7	<b>\$12.5</b>	\$0.0
Watkins (MCP) Adams Co	\$0.0	\$0.1	\$0.0	\$0.0	<b>\$0.1</b>	\$0.0
AdamsCo Unincorp	\$9.5	\$16.2	\$0.5	\$1.0	<b>\$27.2</b>	\$37.9
<b>CHEYENNE COUNTY</b>	\$24.1	\$15.4	\$131.1	\$44.8	<b>\$215.5</b>	\$96.4
Cheyenne Wells town	\$12.1	\$7.1	\$0.0	\$20.6	<b>\$39.7</b>	\$48.2
Kit Carson town	\$5.2	\$1.7	\$0.0	\$5.0	<b>\$11.9</b>	\$20.7
CheyenneCo Unincorp	\$6.9	\$6.6	\$131.1	\$19.2	<b>\$163.8</b>	\$27.5
<b>CLEAR CREEK COUNTY</b>	\$4.1	\$560.9	\$0.0	\$3.9	<b>\$569.0</b>	\$16.5
Central City (MCP) ClearCreekCo	\$0.0	\$0.0	\$0.0	\$0.0	<b>\$0.0</b>	\$0.0
Empire town	\$0.6	\$23.4	\$0.0	\$0.2	<b>\$24.1</b>	\$2.4
Georgetown town	\$1.0	\$65.8	\$0.0	\$0.5	<b>\$67.3</b>	\$4.0
Idaho Springs city	\$2.0	\$108.3	\$0.0	\$0.8	<b>\$111.1</b>	\$8.1
Silver Plume town	\$0.0	\$11.9	\$0.0	\$0.1	<b>\$12.0</b>	\$0.0
Clear CreekCo Unincorp	\$0.5	\$351.5	\$0.0	\$2.5	<b>\$354.5</b>	\$2.0

## The Rig Roads metric pushes more money to the counties.

<b>Combined Payment from Four POTS \$ 000</b>						
	Payments	Payments	Per Rig	Per Cost	<b>Total</b>	Current
	per ERR	Per Mining	Index	to Rev	<b>of all</b>	ERR
		Index	0	0	<b>Four</b>	Distribution
					<b>POTS</b>	
<b>LAS ANIMAS COUNTY</b>	\$216.1	\$133.6	\$106.8	\$55.9	<b>\$512.4</b>	\$864.4
Aguilar town	\$12.1	\$4.5	\$0.0	\$1.9	<b>\$18.5</b>	\$48.2
Branson town	\$0.0	\$0.7	\$0.0	\$0.3	<b>\$1.0</b>	\$0.0
Cokedale town	\$1.7	\$1.2	\$0.0	\$0.5	<b>\$3.4</b>	\$6.9
Kim town	\$0.0	\$0.6	\$0.0	\$0.3	<b>\$0.9</b>	\$0.0
Starkville town	\$0.0	\$1.2	\$0.0	\$0.5	<b>\$1.6</b>	\$0.0
Trinidad city	\$130.0	\$76.5	\$0.0	\$32.0	<b>\$238.5</b>	\$520.0
Las AnimasCo Unincorp	\$72.3	\$48.9	\$106.8	\$20.4	<b>\$248.5</b>	\$289.3
<b>MESA COUNTY</b>	\$1,394.5	\$66.4	\$80.9	\$700.0	<b>\$2,241.9</b>	\$5,578.1
Collbran town	\$6.9	\$0.3	\$0.0	\$3.4	<b>\$10.6</b>	\$27.5
De Beque town	\$38.7	\$0.2	\$0.0	\$2.6	<b>\$41.6</b>	\$155.0
Fruita city	\$142.4	\$5.1	\$0.0	\$53.5	<b>\$201.0</b>	\$569.7
Grand Junction city	\$439.4	\$25.3	\$0.0	\$266.8	<b>\$731.5</b>	\$1,757.4
Palisade town	\$28.4	\$1.4	\$0.0	\$15.2	<b>\$45.0</b>	\$113.6
MesaCo Unincorp	\$738.7	\$34.0	\$80.9	\$358.5	<b>\$1,212.2</b>	\$2,954.8
<b>MOFFAT COUNTY</b>	\$100.3	\$275.0	\$475.3	\$242.6	<b>\$1,093.2</b>	\$401.2
Craig city	\$60.0	\$185.5	\$0.0	\$163.6	<b>\$409.1</b>	\$240.1
Dinosaur town	\$8.8	\$6.7	\$0.0	\$6.0	<b>\$21.5</b>	\$35.3
<b>RIO BLANCO COUNTY</b>	\$241.8	\$143.8	\$1,304.7	\$640.8	<b>\$2,331.0</b>	\$967.1
Meeker town	\$22.9	\$53.9	\$0.0	\$240.2	<b>\$316.9</b>	\$91.5
Rangely town	\$153.9	\$48.3	\$0.0	\$215.1	<b>\$417.3</b>	\$615.6
Rio BlancoCo Unincorp	\$65.0	\$41.6	\$1,304.7	\$185.5	<b>\$1,596.8</b>	\$260.0
<b>YUMA COUNTY</b>	\$85.2	\$138.3	\$407.3	\$161.9	<b>\$792.8</b>	\$340.9
Eckley town	\$7.7	\$3.9	\$0.0	\$4.5	<b>\$16.1</b>	\$31.0
Wray city	\$43.9	\$30.9	\$0.0	\$36.2	<b>\$111.1</b>	\$175.6
Yuma city	\$13.8	\$46.7	\$0.0	\$54.7	<b>\$115.1</b>	\$55.1
YumaCo Unincorp	\$19.8	\$56.8	\$407.3	\$66.5	<b>\$550.5</b>	\$79.2

**The use of metrics other than employee residence has a significant impact on the town/county shares.**

<b><u>Combined Payment from Four POTS \$ 000</u></b>					Total	Current
	Payments	Payments	Per Rig	Per Cost	of all	ERR
	per ERR	Per Mining	Index	to Rev	Four	Distribution
		Index	0	0	POTS	
<b>Total to Towns</b>	\$2,247	\$2,349	\$0	\$2,310	\$6,906	\$8,989
<b>Total to County Governments</b>	\$1,927	\$1,825	\$4,174	\$1,864	\$9,790	\$7,707
<b>%County</b>	46%	44%	100%	45%	59%	46%

**Combined Payment from Four POTS \$ 000**

	Payments per ERR	Payments Per Mining Index	Per Rig Index	Per Cost to Rev	Total of all Four POTS	Current ERR Distribution
	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$16,696</b>	<b>16,696</b>
<b>ADAMS COUNTY</b>	<b>\$67.6</b>	<b>\$80.1</b>	<b>\$0.5</b>	<b>\$4.9</b>	<b>\$153.2</b>	<b>\$270.2</b>
Arvada (MCP) AdamsCo	\$0.0	\$0.5	\$0.0	\$0.0	\$0.6	\$0.0
Aurora (MCP) AdamsCo	\$0.0	\$8.2	\$0.0	\$0.5	\$8.7	\$0.0
Bennett (MCP) AdamsCo	\$4.3	\$0.4	\$0.0	\$0.0	\$4.7	\$17.2
Brighton (MCP) AdamsCo	\$33.6	\$5.8	\$0.0	\$0.4	\$39.7	\$134.3
Commerce City city	\$4.4	\$6.8	\$0.0	\$0.4	\$11.7	\$17.6
Federal Heights city	\$0.0	\$2.3	\$0.0	\$0.1	\$2.4	\$0.0
Northglenn (MCP) AdamsCo	\$3.4	\$6.9	\$0.0	\$0.4	\$10.8	\$13.8
Thornton (MCP) AdamsCo	\$12.4	\$21.2	\$0.0	\$1.3	\$34.8	\$49.4
Westminster (MCP) AdamsCo	\$0.0	\$11.8	\$0.0	\$0.7	\$12.5	\$0.0
Watkins (MCP) Adams Co	\$0.0	\$0.1	\$0.0	\$0.0	\$0.1	\$0.0
AdamsCo Unincorp	\$9.5	\$16.2	\$0.5	\$1.0	\$27.2	\$37.9
<b>ALAMOSA COUNTY</b>	<b>\$0.0</b>	<b>\$2.6</b>	<b>\$0.0</b>	<b>\$3.6</b>	<b>\$6.2</b>	<b>\$0.0</b>
Alamosa city	\$0.0	\$1.4	\$0.0	\$1.9	\$3.3	\$0.0
Hooper town	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
AlamosaCo Unincorp	\$0.0	\$1.2	\$0.0	\$1.6	\$2.8	\$0.0
<b>ARAPAHOE COUNTY</b>	<b>\$24.4</b>	<b>\$40.7</b>	<b>\$0.1</b>	<b>\$0.4</b>	<b>\$65.6</b>	<b>\$97.6</b>
Aurora (MCP) ArapahoeCo	\$8.6	\$19.9	\$0.0	\$0.2	\$28.8	\$34.4
Bennett (MCP) ArapahoeCo	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Bow Mar (MCP) ArapahoeCo	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Centennial	\$4.3	\$7.5	\$0.0	\$0.1	\$11.9	\$17.2
Cherry Hills Village city	\$0.0	\$0.5	\$0.0	\$0.0	\$0.5	\$0.0
Columbine Valley town	\$0.0	\$0.1	\$0.0	\$0.0	\$0.1	\$0.0
Deer Trail town	\$2.6	\$0.0	\$0.0	\$0.0	\$2.6	\$10.3
Englewood city	\$3.7	\$2.4	\$0.0	\$0.0	\$6.2	\$15.0
Foxfield town	\$0.0	\$0.1	\$0.0	\$0.0	\$0.1	\$0.0
Glendale city	\$0.0	\$0.4	\$0.0	\$0.0	\$0.4	\$0.0
Greenwood Village city	\$0.9	\$1.0	\$0.0	\$0.0	\$1.9	\$3.4
Littleton (MCP) ArapahoeCo	\$0.0	\$2.9	\$0.0	\$0.0	\$2.9	\$0.0
Sheridan city	\$0.0	\$0.4	\$0.0	\$0.0	\$0.4	\$0.0
Watkins (MCP) ArapahoeCo	\$0.0	\$0.1	\$0.0	\$0.0	\$0.1	\$0.0
ArapahoeCo Unincorp	\$4.3	\$5.3	\$0.1	\$0.1	\$9.8	\$17.2
<b>ARCHULETA COUNTY</b>	<b>\$3.4</b>	<b>\$5.9</b>	<b>\$8.3</b>	<b>\$21.6</b>	<b>\$39.2</b>	<b>\$13.8</b>
Pagosa Springs town	\$1.7	\$0.8	\$0.0	\$3.0	\$5.5	\$6.9
ArchuletaCo Unincorp	\$1.7	\$5.0	\$8.3	\$18.6	\$33.7	\$6.9
<b>BACA COUNTY</b>	<b>\$2.6</b>	<b>\$8.4</b>	<b>\$0.0</b>	<b>\$2.2</b>	<b>\$13.1</b>	<b>\$10.3</b>
Campo town	\$0.0	\$0.3	\$0.0	\$0.1	\$0.4	\$0.0
Pritchett town	\$0.0	\$0.3	\$0.0	\$0.1	\$0.3	\$0.0
Springfield town	\$1.7	\$2.9	\$0.0	\$0.7	\$5.3	\$6.9
Two Buttes town	\$0.0	\$0.1	\$0.0	\$0.0	\$0.2	\$0.0
Vilas town	\$0.0	\$0.2	\$0.0	\$0.1	\$0.3	\$0.0
Walsh town	\$0.9	\$1.4	\$0.0	\$0.4	\$2.7	\$3.4
BacaCo Unincorp	\$0.0	\$3.2	\$0.0	\$0.8	\$4.0	\$0.0
<b>BENT COUNTY</b>	<b>\$1.7</b>	<b>\$5.5</b>	<b>\$37.7</b>	<b>\$25.9</b>	<b>\$70.9</b>	<b>\$6.9</b>
Las Animas city	\$1.7	\$2.3	\$0.0	\$10.7	\$14.7	\$6.9
BentCo Unincorp	\$0.0	\$3.2	\$37.7	\$15.1	\$56.1	\$0.0
<b>BOULDER COUNTY</b>	<b>\$14.9</b>	<b>\$34.8</b>	<b>\$0.1</b>	<b>\$14.3</b>	<b>\$64.2</b>	<b>\$59.8</b>
Boulder city	\$2.6	\$11.8	\$0.0	\$4.9	\$19.2	\$10.3
Erie (MCP) BoulderCo	\$0.0	\$0.8	\$0.0	\$0.3	\$1.2	\$0.0
Jamestown town	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Lafayette city	\$0.0	\$2.9	\$0.0	\$1.2	\$4.1	\$0.0
Longmont (MCP) BoulderCo	\$10.4	\$10.0	\$0.0	\$4.1	\$24.5	\$41.7
Louisville city	\$0.0	\$2.2	\$0.0	\$0.9	\$3.2	\$0.0



**Combined Payment from Four POTS \$ 000**

	Payments per ERR	Payments Per Mining Index	Per Rig Index	Per Cost to Rev	Total of all Four POTS	Current ERR Distribution
	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$16,696</b>	<b>16,696</b>
Lyons town	\$1.7	\$0.2	\$0.0	\$0.1	\$2.0	\$6.9
Nederland town	\$0.2	\$0.2	\$0.0	\$0.1	\$0.4	\$0.8
Superior (MCP) BoulderCo	\$0.0	\$1.2	\$0.0	\$0.5	\$1.7	\$0.0
Ward town	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
BoulderCo Unincorp	\$0.0	\$5.4	\$0.1	\$2.2	\$7.6	\$0.0
BROOMFIELD CITY/COUNTY	<b>\$3.6</b>	<b>\$4.3</b>	<b>\$0.0</b>	<b>\$0.1</b>	<b>\$8.0</b>	<b>\$14.6</b>
CHAFFEE COUNTY	<b>\$1.9</b>	<b>\$3.4</b>	<b>\$0.0</b>	<b>\$55.5</b>	<b>\$60.9</b>	<b>\$7.7</b>
Buena Vista town	\$1.1	\$0.5	\$0.0	\$7.5	\$9.0	\$4.2
Poncha Springs town	\$0.0	\$0.1	\$0.0	\$1.9	\$2.0	\$0.0
Salida city	\$0.9	\$1.1	\$0.0	\$17.4	\$19.3	\$3.4
ChaffeeCo Unincorp	\$0.0	\$1.8	\$0.0	\$28.7	\$30.5	\$0.0
CHEYENNE COUNTY	<b>\$24.1</b>	<b>\$15.4</b>	<b>\$131.1</b>	<b>\$44.8</b>	<b>\$215.5</b>	<b>\$96.4</b>
Cheyenne Wells town	\$12.1	\$7.1	\$0.0	\$20.6	\$39.7	\$48.2
Kit Carson town	\$5.2	\$1.7	\$0.0	\$5.0	\$11.9	\$20.7
CheyenneCo Unincorp	\$6.9	\$6.6	\$131.1	\$19.2	\$163.8	\$27.5
CLEAR CREEK COUNTY	<b>\$4.1</b>	<b>\$560.9</b>	<b>\$0.0</b>	<b>\$3.9</b>	<b>\$569.0</b>	<b>\$16.5</b>
Central City (MCP) ClearCreek	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Empire town	\$0.6	\$23.4	\$0.0	\$0.2	\$24.1	\$2.4
Georgetown town	\$1.0	\$65.8	\$0.0	\$0.5	\$67.3	\$4.0
Idaho Springs city	\$2.0	\$108.3	\$0.0	\$0.8	\$111.1	\$8.1
Silver Plume town	\$0.0	\$11.9	\$0.0	\$0.1	\$12.0	\$0.0
Clear CreekCo Unincorp	\$0.5	\$351.5	\$0.0	\$2.5	\$354.5	\$2.0
CONEJOS COUNTY	<b>\$0.9</b>	<b>\$0.7</b>	<b>\$0.0</b>	<b>\$22.0</b>	<b>\$23.5</b>	<b>\$3.4</b>
Antonito town	\$0.9	\$0.1	\$0.0	\$2.2	\$3.1	\$3.4
La Jara town	\$0.0	\$0.1	\$0.0	\$2.2	\$2.3	\$0.0
Manassa town	\$0.0	\$0.1	\$0.0	\$2.6	\$2.7	\$0.0
Romeo town	\$0.0	\$0.0	\$0.0	\$1.0	\$1.1	\$0.0
Sanford town	\$0.0	\$0.1	\$0.0	\$2.0	\$2.1	\$0.0
ConejosCo Unincorp	\$0.0	\$0.4	\$0.0	\$11.9	\$12.3	\$0.0
COSTILLA COUNTY	<b>\$0.1</b>	<b>\$0.3</b>	<b>\$0.0</b>	<b>\$36.5</b>	<b>\$36.9</b>	<b>\$0.4</b>
Blanca town	\$0.0	\$0.0	\$0.0	\$3.9	\$3.9	\$0.0
San Luis town	\$0.0	\$0.1	\$0.0	\$7.4	\$7.5	\$0.0
CostillaCo Unincorp	\$0.1	\$0.2	\$0.0	\$25.2	\$25.5	\$0.4
CROWLEY COUNTY	<b>\$1.0</b>	<b>\$0.6</b>	<b>\$0.0</b>	<b>\$6.5</b>	<b>\$8.1</b>	<b>\$3.8</b>
Crowley town	\$0.0	\$0.0	\$0.0	\$0.2	\$0.2	\$0.0
Olney Springs town	\$0.0	\$0.0	\$0.0	\$0.4	\$0.4	\$0.0
Ordway town	\$0.1	\$0.1	\$0.0	\$1.2	\$1.4	\$0.4
Sugar City town	\$0.0	\$0.0	\$0.0	\$0.3	\$0.3	\$0.0
CrowleyCo Unincorp	\$0.9	\$0.4	\$0.0	\$4.4	\$5.7	\$3.4
CUSTER COUNTY	<b>\$0.0</b>	<b>\$0.5</b>	<b>\$0.0</b>	<b>\$75.8</b>	<b>\$76.2</b>	<b>\$0.0</b>
Silver Cliff town	\$0.0	\$0.1	\$0.0	\$11.3	\$11.4	\$0.0
Westcliffe town	\$0.0	\$0.1	\$0.0	\$8.8	\$8.8	\$0.0
CusterCo Unincorp	\$0.0	\$0.4	\$0.0	\$55.7	\$56.1	\$0.0
DELTA COUNTY	<b>\$129.4</b>	<b>\$170.3</b>	<b>\$0.0</b>	<b>\$337.2</b>	<b>\$636.9</b>	<b>\$517.5</b>
Cedaredge town	\$3.9	\$11.8	\$0.0	\$23.4	\$39.1	\$15.5
Crawford town	\$4.9	\$2.1	\$0.0	\$4.1	\$11.1	\$19.5
Delta city	\$25.4	\$43.2	\$0.0	\$85.5	\$154.1	\$101.5
Hotchkiss town	\$6.5	\$5.3	\$0.0	\$10.5	\$22.4	\$26.1
Orchard City town	\$12.0	\$17.7	\$0.0	\$35.0	\$64.6	\$48.1
Paonia town	\$13.7	\$8.5	\$0.0	\$16.8	\$39.1	\$55.0
DeltaCo Unincorp	\$63.0	\$81.7	\$0.0	\$161.8	\$306.6	\$251.9
DENVER CITY/COUNTY	<b>\$26.9</b>	<b>\$65.2</b>	<b>\$0.0</b>	<b>\$0.1</b>	<b>\$92.2</b>	<b>\$107.6</b>
DOLORES COUNTY	<b>\$11.2</b>	<b>\$10.7</b>	<b>\$18.9</b>	<b>\$4.0</b>	<b>\$44.7</b>	<b>\$44.8</b>

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	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$16,696</b>	<b>16,696</b>
Dove Creek town	\$10.3	\$3.9	\$0.0	\$1.5	\$15.7	\$41.3
Rico town	\$0.0	\$1.4	\$0.0	\$0.5	\$1.9	\$0.0
DoloresCo Unincorp	\$0.9	\$5.3	\$18.9	\$2.0	\$27.1	\$3.4
<b>DOUGLAS COUNTY</b>	<b>\$12.4</b>	<b>\$22.2</b>	<b>\$0.0</b>	<b>\$1.9</b>	<b>\$36.4</b>	<b>\$49.4</b>
Aurora (MCP) DouglasCo	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Castle Rock town	\$1.7	\$3.4	\$0.0	\$0.3	\$5.4	\$6.9
Larkspur town	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Littleton (MCP) DouglasCo	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Lone Tree city	\$1.7	\$0.8	\$0.0	\$0.1	\$2.6	\$6.9
Parker town	\$3.6	\$3.5	\$0.0	\$0.3	\$7.4	\$14.6
DouglasCo Unincorp	\$5.3	\$14.5	\$0.0	\$1.3	\$21.0	\$21.1
<b>EAGLE COUNTY</b>	<b>\$5.2</b>	<b>\$11.5</b>	<b>\$0.0</b>	<b>\$3.8</b>	<b>\$20.5</b>	<b>\$20.7</b>
Avon town	\$0.9	\$1.5	\$0.0	\$0.5	\$2.9	\$3.4
Basalt (MCP) EagleCo	\$0.9	\$0.5	\$0.0	\$0.2	\$1.5	\$3.4
Eagle town	\$0.0	\$1.1	\$0.0	\$0.4	\$1.5	\$0.0
Gypsum town	\$0.9	\$1.2	\$0.0	\$0.4	\$2.5	\$3.4
Minturn town	\$0.0	\$0.3	\$0.0	\$0.1	\$0.4	\$0.0
Red Cliff town	\$0.0	\$0.1	\$0.0	\$0.0	\$0.1	\$0.0
Vail town	\$0.0	\$1.1	\$0.0	\$0.4	\$1.4	\$0.0
EagleCo Unincorp	\$2.6	\$5.7	\$0.0	\$1.9	\$10.1	\$10.3
<b>ELBERT COUNTY</b>	<b>\$3.5</b>	<b>\$4.0</b>	<b>\$2.1</b>	<b>\$20.4</b>	<b>\$30.0</b>	<b>\$14.2</b>
Elizabeth town	\$0.0	\$0.3	\$0.0	\$1.3	\$1.6	\$0.0
Kiowa town	\$1.7	\$0.1	\$0.0	\$0.6	\$2.4	\$6.9
Simla town	\$0.0	\$0.1	\$0.0	\$0.7	\$0.8	\$0.0
ElbertCo Unincorp	\$1.8	\$3.5	\$2.1	\$17.9	\$25.3	\$7.3
<b>EL PASO COUNTY</b>	<b>\$16.2</b>	<b>\$35.2</b>	<b>\$0.0</b>	<b>\$8.4</b>	<b>\$59.8</b>	<b>\$64.7</b>
Calhan town	\$0.0	\$0.1	\$0.0	\$0.0	\$0.1	\$0.0
Colorado Springs city	\$11.8	\$23.8	\$0.0	\$5.7	\$41.3	\$47.0
Fountain city	\$1.7	\$1.2	\$0.0	\$0.3	\$3.2	\$6.9
Green Mtn. Falls(MCP) ElPaso	\$0.0	\$0.1	\$0.0	\$0.0	\$0.1	\$0.0
Manitou Springs city	\$0.1	\$0.3	\$0.0	\$0.1	\$0.5	\$0.4
Monument town	\$0.0	\$0.3	\$0.0	\$0.1	\$0.4	\$0.0
Palmer Lake town	\$0.0	\$0.1	\$0.0	\$0.0	\$0.2	\$0.0
Ramah town	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
El PasoCo Unincorp	\$2.6	\$9.3	\$0.0	\$2.2	\$14.1	\$10.3
<b>FREMONT COUNTY</b>	<b>\$19.4</b>	<b>\$4.4</b>	<b>\$0.0</b>	<b>\$247.8</b>	<b>\$271.6</b>	<b>\$77.6</b>
Brookside town	\$0.0	\$0.0	\$0.0	\$1.1	\$1.1	\$0.0
Canon City city	\$9.2	\$1.5	\$0.0	\$82.0	\$92.7	\$36.8
Coal Creek town	\$0.1	\$0.0	\$0.0	\$2.0	\$2.1	\$0.4
Florence city	\$0.9	\$0.4	\$0.0	\$19.7	\$20.9	\$3.4
Rockvale town	\$1.8	\$0.0	\$0.0	\$2.3	\$4.1	\$7.3
Williamsburg town	\$1.0	\$0.1	\$0.0	\$3.6	\$4.7	\$3.8
FremontCo Unincorp	\$6.5	\$2.5	\$0.0	\$137.1	\$146.0	\$25.9
<b>GARFIELD COUNTY</b>	<b>\$940.7</b>	<b>\$465.4</b>	<b>\$746.6</b>	<b>\$174.1</b>	<b>\$2,326.7</b>	<b>\$3,762.8</b>
Carbondale town	\$0.1	\$53.6	\$0.0	\$20.0	\$73.7	\$0.5
Glenwood Springs city	\$10.5	\$76.9	\$0.0	\$28.8	\$116.2	\$41.8
New Castle town	\$12.1	\$30.3	\$0.0	\$11.3	\$53.7	\$48.2
Parachute town	\$147.2	\$13.1	\$0.0	\$4.9	\$165.2	\$588.9
Rifle city	\$144.0	\$75.4	\$0.0	\$28.2	\$247.6	\$576.0
Silt town	\$24.1	\$21.3	\$0.0	\$8.0	\$53.3	\$96.4
GarfieldCo Unincorp	\$602.7	\$194.8	\$746.6	\$72.9	\$1,617.0	\$2,411.0
<b>GILPIN COUNTY</b>	<b>\$0.0</b>	<b>\$1.2</b>	<b>\$0.0</b>	<b>\$42.7</b>	<b>\$43.9</b>	<b>\$0.0</b>
Black Hawk city	\$0.0	\$0.0	\$0.0	\$0.9	\$0.9	\$0.0

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	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$16,696</b>	<b>16,696</b>
Central City (MCP) GilpinCo	\$0.0	\$0.1	\$0.0	\$4.4	\$4.5	\$0.0
GilpinCo Unincorp	\$0.0	\$1.1	\$0.0	\$37.4	\$38.5	\$0.0
<b>GRAND COUNTY</b>	<b>\$1.8</b>	<b>\$147.8</b>	<b>\$0.0</b>	<b>\$10.1</b>	<b>\$159.7</b>	<b>\$7.3</b>
Fraser town	\$0.1	\$11.5	\$0.0	\$0.8	\$12.4	\$0.4
Granby town	\$0.2	\$18.8	\$0.0	\$1.3	\$20.2	\$0.8
Grand Lake town	\$0.0	\$4.9	\$0.0	\$0.3	\$5.3	\$0.0
Hot Sulphur Springs town	\$0.5	\$6.4	\$0.0	\$0.4	\$7.3	\$2.0
Kremmling town	\$0.8	\$16.6	\$0.0	\$1.1	\$18.5	\$3.2
Winter Park town	\$0.0	\$8.9	\$0.0	\$0.6	\$9.5	\$0.0
GrandCo Unincorp	\$0.2	\$80.8	\$0.0	\$5.5	\$86.5	\$0.8
<b>GUNNISON COUNTY</b>	<b>\$2.3</b>	<b>\$207.5</b>	<b>\$24.4</b>	<b>\$14.4</b>	<b>\$248.6</b>	<b>\$9.2</b>
Crested Butte town	\$0.0	\$22.8	\$0.0	\$1.6	\$24.4	\$0.0
Gunnison city	\$0.9	\$76.7	\$0.0	\$5.3	\$82.9	\$3.4
Marble town	\$0.0	\$1.5	\$0.0	\$0.1	\$1.6	\$0.0
Mount Crested Butte town	\$0.0	\$11.0	\$0.0	\$0.8	\$11.7	\$0.0
Pitkin town	\$0.0	\$1.6	\$0.0	\$0.1	\$1.7	\$0.0
GunnisonCo Unincorp	\$1.4	\$93.9	\$24.4	\$6.5	\$126.2	\$5.8
<b>HINSDALE COUNTY</b>	<b>\$0.5</b>	<b>\$2.5</b>	<b>\$0.0</b>	<b>\$27.4</b>	<b>\$30.4</b>	<b>\$2.0</b>
Lake City town	\$0.5	\$1.2	\$0.0	\$13.0	\$14.7	\$2.0
HinsdaleCo Unincorp	\$0.0	\$1.3	\$0.0	\$14.4	\$15.7	\$0.0
<b>HUERFANO COUNTY</b>	<b>\$16.4</b>	<b>\$10.0</b>	<b>\$0.0</b>	<b>\$18.5</b>	<b>\$44.8</b>	<b>\$65.4</b>
La Veta town	\$2.6	\$1.1	\$0.0	\$2.1	\$5.8	\$10.3
Walsenburg city	\$11.2	\$4.9	\$0.0	\$9.0	\$25.1	\$44.8
HuerfanoCo Unincorp	\$2.6	\$4.0	\$0.0	\$7.4	\$13.9	\$10.3
<b>JACKSON COUNTY</b>	<b>\$4.4</b>	<b>\$2.2</b>	<b>\$110.8</b>	<b>\$209.8</b>	<b>\$327.2</b>	<b>\$17.7</b>
Walden town	\$3.4	\$1.0	\$0.0	\$92.3	\$96.8	\$13.8
JacksonCo Unincorp	\$1.0	\$1.3	\$110.8	\$117.4	\$230.4	\$3.9
<b>JEFFERSON COUNTY</b>	<b>\$36.3</b>	<b>\$52.0</b>	<b>\$0.0</b>	<b>\$3.8</b>	<b>\$92.1</b>	<b>\$145.4</b>
Arvada (MCP) JeffersonCo	\$5.7	\$9.9	\$0.0	\$0.7	\$16.3	\$22.7
Bow Mar (MCP) JeffersonCo	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Edgewater city	\$1.7	\$0.5	\$0.0	\$0.0	\$2.3	\$6.9
Golden city	\$0.7	\$1.7	\$0.0	\$0.1	\$2.5	\$2.8
Lakeside town	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Lakewood city	\$3.0	\$13.9	\$0.0	\$1.0	\$17.8	\$11.9
Littleton (MCP) JeffersonCo	\$5.4	\$0.2	\$0.0	\$0.0	\$5.5	\$21.5
Morrison town	\$1.7	\$0.0	\$0.0	\$0.0	\$1.8	\$6.9
Mountain View town	\$0.0	\$0.1	\$0.0	\$0.0	\$0.1	\$0.0
Superior Town(MCP) Jefferson	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Westminster (MCP) JeffersonC	\$3.8	\$4.5	\$0.0	\$0.3	\$8.6	\$15.4
Wheat Ridge city	\$0.0	\$3.1	\$0.0	\$0.2	\$3.3	\$0.0
JeffersonCo Unincorp	\$14.3	\$18.2	\$0.0	\$1.3	\$33.8	\$57.3
<b>KIOWA COUNTY</b>	<b>\$4.3</b>	<b>\$3.0</b>	<b>\$142.0</b>	<b>\$89.2</b>	<b>\$238.5</b>	<b>\$17.2</b>
Eads town	\$0.9	\$1.4	\$0.0	\$40.9	\$43.2	\$3.4
Haswell town	\$0.0	\$0.2	\$0.0	\$4.6	\$4.7	\$0.0
Sheridan Lake town	\$1.7	\$0.1	\$0.0	\$3.6	\$5.4	\$6.9
KiowaCo Unincorp	\$1.7	\$1.4	\$142.0	\$40.1	\$185.1	\$6.9
<b>KIT CARSON COUNTY</b>	<b>\$4.3</b>	<b>\$5.3</b>	<b>\$10.6</b>	<b>\$25.2</b>	<b>\$45.4</b>	<b>\$17.2</b>
Bethune town	\$0.0	\$0.1	\$0.0	\$0.7	\$0.8	\$0.0
Burlington city	\$4.3	\$2.6	\$0.0	\$12.3	\$19.2	\$17.2
Flagler town	\$0.0	\$0.4	\$0.0	\$1.9	\$2.3	\$0.0
Seibert town	\$0.0	\$0.1	\$0.0	\$0.6	\$0.7	\$0.0
Stratton town	\$0.0	\$0.4	\$0.0	\$2.0	\$2.4	\$0.0
Vona town	\$0.0	\$0.1	\$0.0	\$0.3	\$0.3	\$0.0

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Kit CarsonCo Unincorp	\$0.0	\$1.6	\$10.6	\$7.5	\$19.6	\$0.0
<b>LAKE COUNTY</b>	<b>\$1.4</b>	<b>\$2.6</b>	<b>\$0.0</b>	<b>\$8.3</b>	<b>\$12.3</b>	<b>\$5.5</b>
Leadville city	\$1.2	\$0.9	\$0.0	\$2.9	\$4.9	\$4.7
LakeCo Unincorp	\$0.2	\$1.7	\$0.0	\$5.4	\$7.3	\$0.8
<b>LA PLATA COUNTY</b>	<b>\$143.9</b>	<b>\$293.1</b>	<b>\$11.2</b>	<b>\$5.9</b>	<b>\$454.0</b>	<b>\$575.4</b>
Bayfield town	\$13.9	\$11.0	\$0.0	\$0.2	\$25.1	\$55.6
Durango city	\$35.8	\$96.6	\$0.0	\$1.9	\$134.3	\$143.0
Ignacio town	\$3.4	\$4.4	\$0.0	\$0.1	\$8.0	\$13.8
La PlataCo Unincorp	\$90.8	\$181.0	\$11.2	\$3.6	\$286.6	\$363.0
<b>LARIMER COUNTY</b>	<b>\$43.1</b>	<b>\$14.0</b>	<b>\$0.0</b>	<b>\$83.9</b>	<b>\$141.1</b>	<b>\$172.6</b>
Berthoud (MCP) LarimerCo	\$3.4	\$0.3	\$0.0	\$1.5	\$5.2	\$13.8
Estes Park town	\$0.0	\$0.3	\$0.0	\$1.8	\$2.1	\$0.0
Fort Collins city	\$6.1	\$6.6	\$0.0	\$39.3	\$52.0	\$24.5
Johnstown (MCP) LarimerCo	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Loveland city	\$24.1	\$3.1	\$0.0	\$18.3	\$45.5	\$96.4
Timnath town	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	\$0.0
Wellington town	\$1.7	\$0.2	\$0.0	\$1.3	\$3.3	\$6.9
Windsor (MCP) LarimerCo	\$0.0	\$0.1	\$0.0	\$0.7	\$0.8	\$0.0
LarimerCo Unincorp	\$7.7	\$3.5	\$0.0	\$20.9	\$32.1	\$31.0
<b>LAS ANIMAS COUNTY</b>	<b>\$216.1</b>	<b>\$133.6</b>	<b>\$106.8</b>	<b>\$55.9</b>	<b>\$512.4</b>	<b>\$864.4</b>
Aguilar town	\$12.1	\$4.5	\$0.0	\$1.9	\$18.5	\$48.2
Branson town	\$0.0	\$0.7	\$0.0	\$0.3	\$1.0	\$0.0
Cokedale town	\$1.7	\$1.2	\$0.0	\$0.5	\$3.4	\$6.9
Kim town	\$0.0	\$0.6	\$0.0	\$0.3	\$0.9	\$0.0
Starkville town	\$0.0	\$1.2	\$0.0	\$0.5	\$1.6	\$0.0
Trinidad city	\$130.0	\$76.5	\$0.0	\$32.0	\$238.5	\$520.0
Las AnimasCo Unincorp	\$72.3	\$48.9	\$106.8	\$20.4	\$248.5	\$289.3
<b>LINCOLN COUNTY</b>	<b>\$3.4</b>	<b>\$5.5</b>	<b>\$16.1</b>	<b>\$21.8</b>	<b>\$46.8</b>	<b>\$13.8</b>
Arriba town	\$0.0	\$0.2	\$0.0	\$0.8	\$1.0	\$0.0
Genoa town	\$0.0	\$0.2	\$0.0	\$0.6	\$0.8	\$0.0
Hugo town	\$1.7	\$0.8	\$0.0	\$3.1	\$5.6	\$6.9
Limon town	\$1.7	\$1.9	\$0.0	\$7.6	\$11.2	\$6.9
LincolnCo Unincorp	\$0.0	\$2.4	\$16.1	\$9.6	\$28.2	\$0.0
<b>LOGAN COUNTY</b>	<b>\$48.2</b>	<b>\$15.2</b>	<b>\$21.8</b>	<b>\$36.9</b>	<b>\$122.1</b>	<b>\$192.8</b>
Crook town	\$0.0	\$0.1	\$0.0	\$0.2	\$0.3	\$0.0
Fleming town	\$0.9	\$0.3	\$0.0	\$0.7	\$1.9	\$3.4
Iloff town	\$0.0	\$0.2	\$0.0	\$0.4	\$0.5	\$0.0
Merino town	\$2.6	\$0.2	\$0.0	\$0.5	\$3.3	\$10.3
Peetz town	\$0.0	\$0.2	\$0.0	\$0.4	\$0.6	\$0.0
Sterling city	\$34.4	\$9.5	\$0.0	\$23.1	\$67.0	\$137.7
LoganCo Unincorp	\$10.3	\$4.8	\$21.8	\$11.6	\$48.5	\$41.3
<b>MESA COUNTY</b>	<b>\$1,394.5</b>	<b>\$66.4</b>	<b>\$80.9</b>	<b>\$700.0</b>	<b>\$2,241.9</b>	<b>\$5,578.1</b>
Collbran town	\$6.9	\$0.3	\$0.0	\$3.4	\$10.6	\$27.5
De Beque town	\$38.7	\$0.2	\$0.0	\$2.6	\$41.6	\$155.0
Fruita city	\$142.4	\$5.1	\$0.0	\$53.5	\$201.0	\$569.7
Grand Junction city	\$439.4	\$25.3	\$0.0	\$266.8	\$731.5	\$1,757.4
Palisade town	\$28.4	\$1.4	\$0.0	\$15.2	\$45.0	\$113.6
MesaCo Unincorp	\$738.7	\$34.0	\$80.9	\$358.5	\$1,212.2	\$2,954.8
<b>MINERAL COUNTY</b>	<b>\$0.0</b>	<b>\$0.2</b>	<b>\$0.0</b>	<b>\$14.8</b>	<b>\$14.9</b>	<b>\$0.0</b>
Creede town	\$0.0	\$0.1	\$0.0	\$6.5	\$6.6	\$0.0
MineralCo Unincorp	\$0.0	\$0.1	\$0.0	\$8.3	\$8.4	\$0.0
<b>MOFFAT COUNTY</b>	<b>\$100.3</b>	<b>\$275.0</b>	<b>\$475.3</b>	<b>\$242.6</b>	<b>\$1,093.2</b>	<b>\$401.2</b>
Craig city	\$60.0	\$185.5	\$0.0	\$163.6	\$409.1	\$240.1

**Combined Payment from Four POTS \$ 000**

	Payments per ERR	Payments Per Mining Index	Per Rig Index	Per Cost to Rev	Total of all Four POTS	Current ERR Distribution
	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$16,696</b>	<b>16,696</b>
Dinosaur town	\$8.8	\$6.7	\$0.0	\$6.0	\$21.5	\$35.3
MoffatCo Unincorp	\$31.4	\$82.8	\$475.3	\$73.0	\$662.5	\$125.7
<b>MONTEZUMA COUNTY</b>	<b>\$25.4</b>	<b>\$99.7</b>	<b>\$5.6</b>	<b>\$2.6</b>	<b>\$133.3</b>	<b>\$101.7</b>
Cortez city	\$5.6	\$34.4	\$0.0	\$0.9	\$41.0	\$22.6
Dolores town	\$3.4	\$3.7	\$0.0	\$0.1	\$7.2	\$13.8
Mancos town	\$0.2	\$5.0	\$0.0	\$0.1	\$5.4	\$1.0
MontezumaCo Unincorp	\$16.1	\$56.6	\$5.6	\$1.5	\$79.8	\$64.4
<b>MONTROSE COUNTY</b>	<b>\$20.5</b>	<b>\$22.1</b>	<b>\$0.0</b>	<b>\$88.2</b>	<b>\$130.8</b>	<b>\$81.9</b>
Montrose city	\$7.8	\$9.4	\$0.0	\$37.4	\$54.6	\$31.3
Naturita town	\$2.4	\$0.4	\$0.0	\$1.5	\$4.4	\$9.8
Nucla town	\$2.4	\$0.4	\$0.0	\$1.7	\$4.6	\$9.7
Olathe town	\$3.2	\$1.0	\$0.0	\$4.0	\$8.2	\$12.7
MontroseCo Unincorp	\$4.6	\$10.9	\$0.0	\$43.6	\$59.1	\$18.4
<b>MORGAN COUNTY</b>	<b>\$48.2</b>	<b>\$42.7</b>	<b>\$2.2</b>	<b>\$5.0</b>	<b>\$98.1</b>	<b>\$192.8</b>
Brush city	\$4.3	\$8.2	\$0.0	\$1.0	\$13.5	\$17.2
Fort Morgan city	\$28.4	\$16.3	\$0.0	\$1.9	\$46.6	\$113.6
Hillrose town	\$0.0	\$0.4	\$0.0	\$0.1	\$0.5	\$0.0
Log Lane Village town	\$0.0	\$1.6	\$0.0	\$0.2	\$1.8	\$0.0
Wiggins town	\$6.0	\$1.4	\$0.0	\$0.2	\$7.6	\$24.1
MorganCo Unincorp	\$9.5	\$14.7	\$2.2	\$1.7	\$28.1	\$37.9
<b>OTERO COUNTY</b>	<b>\$0.9</b>	<b>\$4.4</b>	<b>\$0.0</b>	<b>\$9.8</b>	<b>\$15.1</b>	<b>\$3.4</b>
Cheraw town	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	\$0.0
Fowler town	\$0.0	\$0.3	\$0.0	\$0.6	\$0.8	\$0.0
La Junta city	\$0.0	\$1.6	\$0.0	\$3.7	\$5.3	\$0.0
Manzanola town	\$0.0	\$0.1	\$0.0	\$0.3	\$0.4	\$0.0
Rocky Ford city	\$0.9	\$0.9	\$0.0	\$2.1	\$3.9	\$3.4
Swink town	\$0.0	\$0.2	\$0.0	\$0.3	\$0.5	\$0.0
OteroCo Unincorp	\$0.0	\$1.3	\$0.0	\$2.8	\$4.1	\$0.0
<b>OURAY COUNTY</b>	<b>\$1.0</b>	<b>\$1.3</b>	<b>\$0.0</b>	<b>\$37.3</b>	<b>\$39.6</b>	<b>\$3.8</b>
Ouray city	\$0.0	\$0.3	\$0.0	\$7.3	\$7.6	\$0.0
Ridgway town	\$0.9	\$0.3	\$0.0	\$8.4	\$9.5	\$3.4
OurayCo Unincorp	\$0.1	\$0.8	\$0.0	\$21.6	\$22.5	\$0.4
<b>PARK COUNTY</b>	<b>\$1.2</b>	<b>\$2.8</b>	<b>\$0.0</b>	<b>\$54.6</b>	<b>\$58.5</b>	<b>\$4.8</b>
Alma town	\$0.0	\$0.0	\$0.0	\$0.7	\$0.8	\$0.0
Fairplay town	\$0.0	\$0.1	\$0.0	\$2.3	\$2.4	\$0.0
ParkCo Unincorp	\$1.2	\$2.6	\$0.0	\$51.5	\$55.3	\$4.8
<b>PHILLIPS COUNTY</b>	<b>\$0.0</b>	<b>\$2.7</b>	<b>\$0.0</b>	<b>\$38.3</b>	<b>\$41.0</b>	<b>\$0.0</b>
Haxtun town	\$0.0	\$0.6	\$0.0	\$8.3	\$8.9	\$0.0
Holyoke city	\$0.0	\$1.3	\$0.0	\$19.0	\$20.3	\$0.0
Paoli town	\$0.0	\$0.0	\$0.0	\$0.4	\$0.5	\$0.0
PhillipsCo Unincorp	\$0.0	\$0.7	\$0.0	\$10.6	\$11.3	\$0.0
<b>PITKIN COUNTY</b>	<b>\$1.0</b>	<b>\$3.0</b>	<b>\$0.0</b>	<b>\$4.5</b>	<b>\$8.4</b>	<b>\$3.8</b>
Aspen city	\$0.1	\$1.2	\$0.0	\$1.7	\$3.0	\$0.4
Basalt (MCP) PitkinCo	\$0.0	\$0.2	\$0.0	\$0.2	\$0.4	\$0.0
Snowmass Village town	\$0.0	\$0.4	\$0.0	\$0.6	\$1.0	\$0.0
PitkinCo Unincorp	\$0.9	\$1.3	\$0.0	\$1.9	\$4.0	\$3.4
<b>PROWERS COUNTY</b>	<b>\$6.0</b>	<b>\$15.5</b>	<b>\$22.4</b>	<b>\$16.9</b>	<b>\$60.8</b>	<b>\$24.1</b>
Granada town	\$0.0	\$0.7	\$0.0	\$0.7	\$1.4	\$0.0
Hartman town	\$0.0	\$0.1	\$0.0	\$0.1	\$0.2	\$0.0
Holly town	\$0.9	\$1.1	\$0.0	\$1.2	\$3.2	\$3.4
Lamar city	\$3.4	\$9.6	\$0.0	\$10.4	\$23.4	\$13.8
Wiley town	\$0.9	\$0.5	\$0.0	\$0.6	\$1.9	\$3.4
ProwersCo Unincorp	\$0.9	\$3.5	\$22.4	\$3.8	\$30.6	\$3.4

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	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$16,696</b>	<b>16,696</b>
<b>PUEBLO COUNTY</b>	<b>\$6.0</b>	<b>\$27.7</b>	<b>\$0.0</b>	<b>\$8.2</b>	<b>\$41.9</b>	<b>\$23.9</b>
Boone town	\$0.0	\$0.1	\$0.0	\$0.0	\$0.1	\$0.0
Pueblo city	\$4.2	\$19.0	\$0.0	\$5.6	\$28.9	\$17.0
Rye town	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
PuebloCo Unincorp	\$1.7	\$8.6	\$0.0	\$2.6	\$12.9	\$6.9
<b>RIO BLANCO COUNTY</b>	<b>\$241.8</b>	<b>\$143.8</b>	<b>\$1,304.7</b>	<b>\$640.8</b>	<b>\$2,331.0</b>	<b>\$967.1</b>
Meeker town	\$22.9	\$53.9	\$0.0	\$240.2	\$316.9	\$91.5
Rangely town	\$153.9	\$48.3	\$0.0	\$215.1	\$417.3	\$615.6
Rio BlancoCo Unincorp	\$65.0	\$41.6	\$1,304.7	\$185.5	\$1,596.8	\$260.0
<b>RIO GRANDE COUNTY</b>	<b>\$2.7</b>	<b>\$2.0</b>	<b>\$0.0</b>	<b>\$19.4</b>	<b>\$24.1</b>	<b>\$10.7</b>
Center (MCP) RioGrandeCo	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Del Norte town	\$0.1	\$0.3	\$0.0	\$2.5	\$2.8	\$0.4
Monte Vista city	\$2.6	\$0.7	\$0.0	\$6.9	\$10.2	\$10.3
South Fork town	\$0.0	\$0.1	\$0.0	\$1.0	\$1.1	\$0.0
Rio GrandeCo Unincorp	\$0.0	\$0.9	\$0.0	\$9.0	\$10.0	\$0.0
<b>ROUTT COUNTY</b>	<b>\$24.2</b>	<b>\$227.0</b>	<b>\$6.6</b>	<b>\$47.6</b>	<b>\$305.4</b>	<b>\$97.0</b>
Hayden town	\$6.4	\$18.6	\$0.0	\$3.9	\$28.9	\$25.6
Oak Creek town	\$3.1	\$9.7	\$0.0	\$2.0	\$14.9	\$12.5
Steamboat Springs city	\$3.6	\$112.2	\$0.0	\$23.5	\$139.4	\$14.5
Yampa town	\$0.6	\$5.0	\$0.0	\$1.0	\$6.7	\$2.4
RouttCo Unincorp	\$10.5	\$81.5	\$6.6	\$17.1	\$115.6	\$41.9
<b>SAGUACHE COUNTY</b>	<b>\$2.6</b>	<b>\$1.2</b>	<b>\$0.0</b>	<b>\$57.6</b>	<b>\$61.4</b>	<b>\$10.3</b>
Bonanza town	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	\$0.0
Center (MCP) SaguacheCo	\$0.9	\$0.4	\$0.0	\$19.9	\$21.2	\$3.4
Crestone town	\$0.0	\$0.0	\$0.0	\$1.1	\$1.1	\$0.0
Moffat town	\$1.7	\$0.0	\$0.0	\$0.9	\$2.7	\$6.9
Saguache town	\$0.0	\$0.1	\$0.0	\$4.9	\$5.0	\$0.0
SaguacheCo Unincorp	\$0.0	\$0.6	\$0.0	\$30.7	\$31.3	\$0.0
<b>SAN JUAN COUNTY</b>	<b>\$0.0</b>	<b>\$0.5</b>	<b>\$0.0</b>	<b>\$89.0</b>	<b>\$89.5</b>	<b>\$0.0</b>
Silverton town	\$0.0	\$0.4	\$0.0	\$84.7	\$85.1	\$0.0
San JuanCo Unincorp	\$0.0	\$0.0	\$0.0	\$4.4	\$4.4	\$0.0
<b>SAN MIGUEL COUNTY</b>	<b>\$0.1</b>	<b>\$19.8</b>	<b>\$193.9</b>	<b>\$74.1</b>	<b>\$287.9</b>	<b>\$0.5</b>
Mountain Village town	\$0.0	\$3.2	\$0.0	\$12.1	\$15.4	\$0.0
Norwood town	\$0.0	\$1.3	\$0.0	\$4.9	\$6.2	\$0.0
Ophir town	\$0.0	\$0.4	\$0.0	\$1.4	\$1.7	\$0.0
Sawpit town	\$0.0	\$0.1	\$0.0	\$0.3	\$0.4	\$0.0
Telluride town	\$0.0	\$6.3	\$0.0	\$23.7	\$30.0	\$0.0
San MiguelCo Unincorp	\$0.1	\$8.5	\$193.9	\$31.7	\$234.2	\$0.5
<b>SEDGWICK COUNTY</b>	<b>\$0.0</b>	<b>\$3.8</b>	<b>\$0.0</b>	<b>\$1.2</b>	<b>\$5.0</b>	<b>\$0.0</b>
Julesburg town	\$0.0	\$2.0	\$0.0	\$0.6	\$2.7	\$0.0
Ovid town	\$0.0	\$0.5	\$0.0	\$0.2	\$0.6	\$0.0
Sedgwick town	\$0.0	\$0.3	\$0.0	\$0.1	\$0.4	\$0.0
SedgwickCo Unincorp	\$0.0	\$1.1	\$0.0	\$0.3	\$1.4	\$0.0
<b>SUMMIT COUNTY</b>	<b>\$3.7</b>	<b>\$6.7</b>	<b>\$0.0</b>	<b>\$3.7</b>	<b>\$14.1</b>	<b>\$15.0</b>
Blue River town	\$0.0	\$0.2	\$0.0	\$0.1	\$0.3	\$0.0
Breckenridge town	\$0.9	\$0.8	\$0.0	\$0.4	\$2.1	\$3.4
Dillon town	\$0.9	\$0.2	\$0.0	\$0.1	\$1.2	\$3.4
Frisco town	\$1.7	\$0.7	\$0.0	\$0.4	\$2.7	\$6.9
Montezuma town	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Silverthorne town	\$0.1	\$1.0	\$0.0	\$0.5	\$1.6	\$0.4
SummitCo Unincorp	\$0.2	\$3.9	\$0.0	\$2.1	\$6.2	\$0.8
<b>TELLER COUNTY</b>	<b>\$12.6</b>	<b>\$134.8</b>	<b>\$0.0</b>	<b>\$44.5</b>	<b>\$191.9</b>	<b>\$50.6</b>
Cripple Creek city	\$2.7	\$6.4	\$0.0	\$2.1	\$11.3	\$10.9

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	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$4,174</b>	<b>\$16,696</b>	<b>16,696</b>
Green Mtn.Falls(MCP) TellerCo	\$0.9	\$0.3	\$0.0	\$0.1	\$1.3	\$3.4
Victor city	\$2.1	\$2.7	\$0.0	\$0.9	\$5.7	\$8.5
Woodland Park city	\$2.4	\$42.8	\$0.0	\$14.1	\$59.4	\$9.7
TellerCo Unincorp	\$4.5	\$82.5	\$0.0	\$27.3	\$114.3	\$18.1
<b>WASHINGTON COUNTY</b>	<b>\$6.1</b>	<b>\$18.8</b>	<b>\$60.5</b>	<b>\$20.8</b>	<b>\$106.2</b>	<b>\$24.6</b>
Akron town	\$4.3	\$7.0	\$0.0	\$7.8	\$19.1	\$17.2
Otis town	\$0.1	\$2.0	\$0.0	\$2.2	\$4.3	\$0.5
WashingtonCo Unincorp	\$1.7	\$9.8	\$60.5	\$10.8	\$82.9	\$6.9
<b>WELD COUNTY</b>	<b>\$348.2</b>	<b>\$465.5</b>	<b>\$225.4</b>	<b>\$21.4</b>	<b>\$1,060.6</b>	<b>\$1,393.0</b>
Ault town	\$1.7	\$2.8	\$0.0	\$0.1	\$4.7	\$6.9
Berthoud (MCP) WeldCo	\$0.0	\$0.1	\$0.0	\$0.0	\$0.1	\$0.0
Brighton (MCP) WeldCo	\$0.0	\$0.5	\$0.0	\$0.0	\$0.5	\$0.0
Dacono city	\$1.0	\$7.4	\$0.0	\$0.3	\$8.7	\$3.8
Eaton town	\$6.0	\$8.1	\$0.0	\$0.4	\$14.5	\$24.1
Erie (MCP) WeldCo	\$1.7	\$12.8	\$0.0	\$0.6	\$15.1	\$6.9
Evans city	\$56.1	\$34.4	\$0.0	\$1.6	\$92.1	\$224.2
Firestone town	\$1.7	\$14.0	\$0.0	\$0.6	\$16.4	\$6.9
Fort Lupton city	\$19.8	\$14.2	\$0.0	\$0.7	\$34.6	\$79.2
Frederick town	\$2.6	\$14.5	\$0.0	\$0.7	\$17.7	\$10.3
Garden City town	\$2.6	\$0.7	\$0.0	\$0.0	\$3.3	\$10.3
Gilcrest town	\$5.2	\$2.3	\$0.0	\$0.1	\$7.6	\$20.7
Greeley city	\$110.3	\$177.4	\$0.0	\$8.2	\$295.9	\$441.3
Grover town	\$0.0	\$0.3	\$0.0	\$0.0	\$0.3	\$0.0
Hudson town	\$0.9	\$3.2	\$0.0	\$0.1	\$4.2	\$3.4
Johnstown (MCP) WeldCo	\$9.5	\$15.7	\$0.0	\$0.7	\$25.9	\$37.9
Keenesburg town	\$7.7	\$2.3	\$0.0	\$0.1	\$10.2	\$31.0
Kersey town	\$2.6	\$2.9	\$0.0	\$0.1	\$5.6	\$10.3
La Salle town	\$10.3	\$3.8	\$0.0	\$0.2	\$14.3	\$41.3
Lochbuie town	\$4.3	\$7.3	\$0.0	\$0.3	\$11.9	\$17.2
Longmont (MCP) WeldCo	\$0.0	\$0.1	\$0.0	\$0.0	\$0.1	\$0.0
Mead town	\$0.0	\$5.7	\$0.0	\$0.3	\$5.9	\$0.0
Milliken town	\$8.6	\$11.6	\$0.0	\$0.5	\$20.7	\$34.4
Northglenn (MCP) WeldCo	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Nunn town	\$0.0	\$1.0	\$0.0	\$0.0	\$1.1	\$0.0
Pierce town	\$0.0	\$1.7	\$0.0	\$0.1	\$1.8	\$0.0
Platteville town	\$8.6	\$5.2	\$0.0	\$0.2	\$14.1	\$34.4
Raymer town	\$0.0	\$0.2	\$0.0	\$0.0	\$0.2	\$0.0
Severance town	\$4.3	\$5.1	\$0.0	\$0.2	\$9.7	\$17.2
Thornton (MCP) WeldCo	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Windsor (MCP) WeldCo	\$5.2	\$23.4	\$0.0	\$1.1	\$29.6	\$20.7
WeldCo Unincorp	\$77.6	\$86.9	\$225.4	\$4.0	\$393.9	\$310.3
<b>YUMA COUNTY</b>	<b>\$85.2</b>	<b>\$138.3</b>	<b>\$407.3</b>	<b>\$161.9</b>	<b>\$792.8</b>	<b>\$340.9</b>
Eckley town	\$7.7	\$3.9	\$0.0	\$4.5	\$16.1	\$31.0
Wray city	\$43.9	\$30.9	\$0.0	\$36.2	\$111.1	\$175.6
Yuma city	\$13.8	\$46.7	\$0.0	\$54.7	\$115.1	\$55.1
YumaCo Unincorp	\$19.8	\$56.8	\$407.3	\$66.5	\$550.5	\$79.2
<b>Recipient count-&gt;</b>	<b>197</b>	<b>351</b>	<b>28</b>	<b>351</b>	<b>351</b>	<b>197</b>



**Any modification of the direct distribution metric will need to be carefully specified in statutory language.**

**Four areas might be referred to the Interim Committee:**

- Clean Up items that correct errors in prior bills.**
- Statutory clarification of the Employee Residence Reporting process.**
- Statutory reconstruction of the Employee Residence Reporting process**
- Significant modification of the metrics used for the direct distribution process.**

## **Review of Possible Statutory edits that improve the direct distributions:**

A long history of changes over the years may warrant amendments in the Colorado severance tax statute and federal mineral lease distribution statutes. Below is a discussion and proposed statutory changes on a list of issues:

(I) – CleanUp: Reviser Bill corrections in the severance and federal mineral lease distribution statutes to correct inconsistencies and oversights.

(II) – Statutory clarification of the employee residence reporting process used to calculate the direct distribution payments to local governments.

(III) – Statutory reconstruction of the employee residence reporting process.

(IV) – Modification of the metrics used for direct distribution and the frequency of payments.

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2007-08-14

### **I - CLEANUP**

#### **PROPOSED STATUTORY CORRECTIONS FOR THE REVISERS BILL TO CORRECT ERRORS IN LEGISLATION:**

**PROBLEM:** In the modifications to the formula distribution of federal mineral lease revenues under Hb97-1123 a \$10 million threshold figure in 34-63-110(3)(b)(II) did not get amended when the same figure was amended in (3)(a), and, a reference to “payments to counties” was left in despite the fact that the distribution was now going to additional parties that are not counties.

#### **CURRENT STATUTE:**

“34-63-102(3)(a) Fifty percent of all moneys described in paragraph (a) of subsection (1) of this section shall be distributed ten working days after receipt of the last monthly payment in each quarter among those respective counties of this state from which the federal leasing money is derived in proportion to the amount of said federal leasing money derived from each of the respective counties for use by said counties for the purposes described in subsection (1) of this section and for use by municipalities and school districts within said counties as provided in paragraph (c) of this subsection (3); except that no distribution under this paragraph (a) to any single county, including the amounts distributed under paragraph (c) of this subsection (3) to municipalities and school districts located therein, shall exceed one million two hundred thousand dollars in any calendar year. Unless the balance paid to the state public school fund pursuant to subparagraph (I) of paragraph (b) of this subsection (3) exceeds **ten million seven hundred thousand dollars** in a calendar year, distribution above two hundred thousand dollars to any single county pursuant to this paragraph (a) shall not take effect during that calendar year.

(3)(b)(I) Any balance of said fifty percent remaining after payment **to the several counties as** provided in paragraph (a) of this subsection (3) shall be paid by the state treasurer,



on or before the last day of December of each year, into the state public school fund and used for the support of the public schools.

(3)(b)(II) Commencing January 1, 1983, one-half of any balance of said fifty percent in excess of **ten million one hundred thousand dollars** shall be paid by the state treasurer, on or before the last day of December of each year, into the local government mineral impact fund and used in accordance with the purposes described in subsection (1) of this section.”

**DISCUSSION PRO/CON:** 34-63-102(3)(a) is the point in the cascade formula that sets a state school fund hold harmless amount at \$10.7 million. A result of this hold harmless threshold is there is a possible “overflow” of funds that are to be allocated under (3)(b)(I) to the state school fund and under (3)(b)(II) to the Local Government Mineral Impact Fund. As stated in the current statutory wording section (3)(b)(II) is not mathematically consistent, since it allocated amounts over \$10.1 million, which do not exist. The amounts available to the state treasurer at that point in the formula are those over \$10.7 million, a lesser amount. This is just a correction of statutory error. It should be done.

**RECOMMENDATION:**

1) remove the words “to the several counties” in (3)(b)(I) so that the statute does not attempt to replicate the complicated results of (3)(a) but, rather, just references what ever the results are.

“(3)(b)(I) Any balance of said fifty percent remaining after payment**S to the several counties as** provided in paragraph (a) of this subsection (3) shall be paid by the state treasurer, on or before the last day of December of each year, into the state public school fund and used for the support of the public schools.

Note the “S” added to payment.

2) Change language in (3)(b)(II) to reference the source figure in (3)(a) with language identical to that used in the revised (3)(b)(I) :

“(3)(b)(II) ~~Commencing January 1, 1983, one-half of any balance of said fifty percent in excess of ten million one hundred thousand dollars~~ **ANY BALANCE OF SAID FIFTY PERCENT REMAINING AFTER PAYMENTS PROVIDED IN PARAGRAPH (A) OF THIS SUBSECTION (3)** shall be paid by the state treasurer, on or before the last day of December of each year, into the local government mineral impact fund and used in accordance with the purposes described in subsection (1) of this section.”

\*\*\*\*\*

**CLEAN UP**

**PROPOSED LEGISLATION TO LINK FEDERAL MINERAL LEASE DIRECT DISTRIBUTION STATUTE TO THE SEVERANCE TAX EMPLOYEE RESIDENCE REPORTS.**

**PROBLEM:** The Federal Mineral Lease statute does not specifically reference the source of the employee residence data to be used in the distribution under C.R.S. 34-63-102(3)(b)(III).

**DISCUSSION PRO/CON:** This just clarifies existing statutory intent.

**SOLUTION:** Reference the severance statute which creates the employee residence reporting and data.

“34-63-102 (3)(b)(III) An amount equal to twenty-five percent of the balance paid to the local government mineral impact fund pursuant to subparagraph (II) of this paragraph (b) shall be distributed annually to each county, in whose unincorporated area employees of a mine or related facility from which such money is derived reside, in the same proportion that the number of such employees bears to the total number of employees of such mines and related facilities who reside in the state and to each municipality, in which employees of such facilities reside, in the same proportion that the number thereof bears to the total number of employees of such mines and related facilities who reside in the state **AS OBTAINED FROM IN THE EMPLOYEE RESIDENCE REPORTS PROVIDED UNDER SECTION C.R.S. 39-29-110(1)(d)(I).**”

\*\*\*\*\*

**PROBLEM:** Hb07-1139 which increased the Local Government Severance Tax Fund direct distributions to towns and counties stated:

C.R.S.39-29-110(1)(c.5)(II) “THIRTY PERCENT OF RECEIPTS AND INCOME SHALL BE DISTRIBUTED **OR LOANED** TO COUNTIES OR MUNICIPALITIES IN THE MANNER SPECIFIED IN PARAGRAPH (c) OF THIS SUBSECTION (I).”

**DISCUSSION PRO/CON:** It does not appear that the legislators intended for the direct distributions to be loaned. This would be quite problematic to implement.

**SOLUTION:** Delete the words “OR LOANED” IN C.R.S. 39-29-110(1)(c.5)(II).

\*\*\*\*\*

## **II - PROPOSED STATUTE TO CLARIFY AND RATIONALIZE THE EMPLOYEE RESIDENCE REPORTING (ERR) PROCESS**

### **PROBLEMS:**

- 1) Ambiguous definition of who should make a severance taxpayer employee residence report (ERR).
- 2) The complexity of a separate reporting process.
- 3) Confusing and obsolete definitions of the employees that are to be reported.
- 4) Current statute does not require the taxpayer report to specify the employees involved in federal mineral lease production, which is needed to implement C.R.S.34-63-102(3)(b)(III).
- 5) Lead department specified does not have the motivation to make the process efficient and accurate.
- 6) The report process should be moved to December to make it easier for the operators to capture the corporate payroll information for the calendar year.

**SOLUTION:** Terminate the wasteful separate reporting process for the ERR. Link both the definition of who should report and the reporting process to an existing taxpayer reporting process in the Department of Revenue. Revise the eligible employee definitions to simplify them and reflect modern business practice. Add the requirement to declare the federal mineral lease related employees. Specify the Department of Local Affairs as the lead department. Move reporting form notification processes up four months.

### **DISCUSSION PRO/CON:**

Current statute contains contradictory language about who must report their employee's residence. The mineral taxation sections provide for exemption from taxation, yet require that the producers thereby exempted must still make the employee residence report. In contrast, the actual direct distribution section of statute says "39-29-110(1)(d)(I) Any producer not liable for severance tax under this section shall not be required to submit a report under this subsection (1)." The direct distribution statute also instructs the Department of Revenue to send the reporting forms to "every producer who is subject to the severance tax and whose payment is subject to the distribution formula provided in this subsection (1)", which implies that only those taxpayers who make payments are required to make the report.

There are an estimated 8,000 production interest owners in Colorado. Meanwhile, there are only 350 or so operator/producers. It is this later group which has the sustained reporting relationship with government agencies representing the myriad interest owners in the production .

Current Colorado statute on the state severance tax has a revenue reporting requirement for "every person producing or extracting oil shale or oil and gas deposits located within this state" and "every producer or purchaser who disburses funds that are owed to any person owning . . . any . . . interest in any oil or gas produced in Colorado." The Department of Revenue has an existing reporting relationship with a limited set of producer operators under these sections of law. It would be efficient to piggy-back the ERR reporting requirement onto these pre existing definitions and reporting process

under the tax law. Make the responsible reporting party the same operator who has this relationship with the Department of Revenue.

**PROPOSED STATUTORY CHANGE:**

**1) Clarify and simplify who should file the ERR's** by removing the confusing and contradictory statement: "Nothing in this subsection (1) shall exempt a company from submitting a production employee report as required by section 39-29-110 (1) (d) (I)." clauses from the Metals (103), Moly (104), oil and gas (105), and coal (106) severance tax rate sections.

Discussion: Taxpayers exempt under these tax statutes represent a very small percent of the total employee counts reported. The taxpayers find it very difficult to understand why, if they are not subject to the tax, they still need to make an employee report, especially when the report will show one or zero qualified employees. Use the definitions in Section 111 and 112 for severance tax withholding to define who should make the ERR.

**2) Link the ERR requirement to the existing Department of Revenue reporting requirements, make DoLA the administrative agency, and put key functions into separate statutory sections.**

~~39-29-110(1)(d)(I) Ninety days prior to the end of each fiscal year, the executive director of the department of revenue shall send every producer who is subject to the severance tax and whose payment is subject to the distribution formula provided in this subsection (1) a form on which the producer~~ **EVERY PRODUCER, PERSON OR CORPORATIONS WHICH IS OBLIGATED TO MAKE A REPORT TO THE DEPARTMENT OF REVENUE AS REQUIRED UNDER SECTION 39-29-111 OR SECTION 39-29-112 shall submit a report to the department of revenue LOCAL AFFAIRS IN A FORMAT SPECIFIED BY THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF LOCAL AFFAIRS** indicating the following: The name and address of the producer, the name of the mine, related facility, or operation, the names of the municipalities or counties in which its employees maintain their actual residences as given by the employees, giving the number of employees for each such municipality or unincorporated area of each such county, and the total number of employees of the mine or related facility or crude oil, natural gas, or oil and gas operation. ~~The producer may use and submit any other report form in lieu of the state form sent by the executive director of the department of revenue that contains the same information as prescribed in the state form.~~ The report shall be due April 30 of each year. ~~The executive director of the department of revenue shall submit a copy of the report required by this paragraph (d) to the executive director of the department of local affairs. Moneys distributed from the local government severance tax fund pursuant to paragraph (e) of this subsection (1) shall be distributed no later than August 31 of each year.~~ [RELOCATED to (d)(IV) below] ~~Any producer not liable for severance tax under this section shall not be required to submit a report under this subsection (1).~~

~~(1)(d)(II)(A) For purposes of this subsection (1), a "producer of crude oil, natural gas, or oil and gas" means any person who files a crude oil, natural gas, or oil and gas production report with the oil and gas conservation commission pursuant to article 60 of~~

~~title 34, C.R.S. A producer shall include a producer operator or a unit operator. A list of such producers, together with their addresses, who operated in the state during the previous calendar year shall be furnished to the department of revenue by said oil and gas conservation commission no later than January 31 of each year.~~

New section relocated from (d)(I) above:

39-29-110(1)(d)(II)(C) In the case of failure of any producer to submit the report on or before the date required by this paragraph (d) to the department of ~~revenue~~ **LOCAL AFFAIRS**, a written notice shall be sent to the producer by the department of ~~revenue~~ **LOCAL AFFAIRS** by first-class mail ~~as set forth in section 39-21-105.5~~ stating that the producer has failed to submit a copy of the report required by this paragraph (d) and informing the producer of the penalty provision contained in this paragraph (d). If the producer fails within forty-five days after receipt of the written notice to submit the required report, there shall be levied and collected a penalty for the failure in the amount of fifty dollars for each day, or portion thereof, during which the failure continues. Any moneys and interest collected under this paragraph (d) shall be added to the fifteen percent of gross receipts from the local government severance tax fund and distributed to counties or municipalities in the manner prescribed by paragraph (c) of this subsection (1).

**DISCUSSION:** Make the ERR form an electronic version suitable for on-line and electronic transmission of the data. Remove option of taxpayer created form. Use the reporting qualifications specified in Sec 111 and 112 to simplify this decision.

Similar reporting linkage would need to be established for metals, moly, coal and oil shale operators.

### **3) Simplified definition of eligible employees to be reported.**

~~"39-29-110(1)(d)(II)(A) For purposes of this subsection (1), a "producer of crude oil, natural gas, or oil and gas" means any person who files a crude oil, natural gas, or oil and gas production report with the oil and gas conservation commission pursuant to article 60 of title 34, C.R.S. A producer shall include a producer operator or a unit operator. A list of such producers, together with their addresses, who operated in the state during the previous calendar year shall be furnished to the department of revenue by said oil and gas conservation commission no later than January 31 of each year. [REPEALED]~~

(1)(d)(II)(B) For purposes of this paragraph (d), an "employee of a crude oil, natural gas, or oil and gas operation" means any individual who is employed and compensated ~~on a full-time basis~~ **FOR AT LEAST 400 HOURS OF WORK IN THE SIX MONTHS PRIOR TO DECEMBER 31 OF THE REPORTING YEAR by A CONTRACTOR TO OR the producer OR INTEREST OWNER FOR WHICH THE REPORT IS BEING MADE of crude oil, natural gas, or oil and gas, as defined in sub-subparagraph (A) of this subparagraph (II)**, for the purposes of extracting such crude oil, natural gas, or oil and gas out of the ground and at point of first sale. ~~Such employee may include any individual who is employed by any company or person who contracts with such producer for purposes of extracting such crude oil, natural gas, or oil and gas out of the ground and at point of first sale. "Individual who is employed on a full-time basis" means an employee who has worked for the producer or contractor during the six-month period next preceding the last~~

~~day of the annual reporting period. "Employee" does not mean any employee of any exploration or drilling crew, any employee of any well service company, or any other contractor or person who may work in any such operation on a periodic or temporary basis and who is employed by companies or entities other than the producer.~~

~~(1)(e) Counties and municipalities shall utilize revenues received under this subsection (1) only for the purposes of capital expenses and general operating expenses.~~  
[RELOCATED to 39-29-(1)(d)(IV)]

~~(1)(f) For the purpose of this subsection (1), "related facility" means an oil shale retorting and upgrading facility. "~~

New section relocated from (d) and (e) above:

39-29-110(1)(d)(IV) Moneys distributed from the local government severance tax fund pursuant to paragraph (c) of this subsection (1) shall be distributed no later than August 31 of each year. Counties and municipalities shall utilize revenues received under this subsection (1) only for the purposes of capital expenses and general operating expenses.

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**USE THE EMPLOYEE RESIDENCE REPORT TO ALLOCATE TO COUNTY AREAS, AND OFFICIAL POPULATION ESTIMATES TO APPORTION THESE COUNTY TOTALS TO TOWNS AND THE COUNTY.**

**PROBLEMS:**

The employee residence reporting process had significant difficulty accurately determining the precise city or county status of the employee addresses.

**DISCUSSION PRO/CON:** It is not efficient to force the employees, employers and state agencies to try to determine this information. The request for the information is intrusive, the responses sometimes ambiguous, and the determination of the incorporated/unincorporated status still difficult after all that.

Most parties can easily identify the county of residence. Therefore, report only the county of residence in the ERR process. Use the State Demographer's Office population estimates to apportion the county area payment to the constituent towns and unincorporated county.

**PROPOSED STATUTORY CHANGE:**

“C.R.S.39-29-110(1)(c) An amount equal to fifteen percent of said gross receipts credited to the fund shall be distributed to count~~ies or municipalities~~ **AREAS** on the basis of the proportion of employees of the mine or related facility or crude oil, natural gas, or oil and gas operation who reside in any such county's ~~unincorporated area or in any such municipality to the total number of employees of the mine or related facility or crude oil, natural gas, or oil and gas operation.~~ Such distribution shall be made on the basis of the report required in paragraph (d) of this subsection (1). **WITHIN EACH COUNTY ALLOCATION THE AMOUNT SO CALCULATED SHALL BE DISTRIBUTED TO THE MUNICIPALITIES AND COUNTY ON THE BASIS OF THE MOST RECENT PUBLISHED POPULATION ESITMATES FROM THE STATE DEMOGRAPHER'S OFFICE IN THE DEPARTMENT OF LOCAL AFFAIRS.**”

And, for federal mineral lease:

“34-63-102 (3)(b)(III) An amount equal to twenty-five percent of the balance paid to the local government mineral impact fund pursuant to subparagraph (II) of this paragraph (b) shall be distributed annually to each county,~~in whose unincorporated area employees of a mine or related facility from which such money is derived reside,~~ **AREA** in the same proportion that the number of such employees bears to the total number of employees of such mines and related facilities who reside in the state~~and to each municipality, in which employees of such facilities reside, in the same proportion that the number thereof bears to the total number of employees of such mines and related facilities who reside in the state~~ **AS OBTAINED FROM IN THE EMPLOYEE RESIDENCE REPORTS PROVIDED UNDER SECTION C.R.S. 39-29-110(1)(d)(I). WITHIN EACH COUNTY ALLOCATION THE AMOUNT SO CALCULATED SHALL BE DISTRIBUTED TO THE MUNICIPALITIES AND COUNTY ON THE BASIS OF THE MOST RECENT PUBLISHED POPULATION ESITMATES FROM THE STATE DEMOGRAPHER'S OFFICE IN THE DEPARTMENT OF LOCAL AFFAIRS.**”

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### **III - MODIFY THE METRICS USED FOR DIRECT DISTRIBUTION.**

#### **PROBLEMS:**

The employee residence reporting process was created in an era when the primary mineral production in Colorado was from coal and metals mines. The intended system depended on a long term stable mineral project employer reporting on a stable workforce. Today, the bulk of employment is in the high turnover oil and gas industry with the large increase in use of contractors and growing use of dormitory type housing. This means that the data does not cover many of the local government impacts over the life cycle of mineral projects from the first speculative planning through the heavy impacts and the post project transition to a new economy. The metric also does not reflect the parallel beneficial revenue that often occurs with the mineral employment. This leaves some local governments out of the distribution and others in a catch-up situation.

**DISCUSSION PRO/CON:** It is not efficient to try to create a new state agency operated metric similar to the existing Employee Residence Report. Rather we should see what existing public and private metric information might be available.

A number of metrics are available which would bring in other impact factors than just the resident employment.

- Colorado Oil and Gas Conservation Commission well permit applications and production reports
- Colorado Division of Reclamation Mining and Geology abandoned mine inventory, mine production and mine permits
- Commercial drilling rig tracking reports
- Colorado Department of Highways county road miles
- Division of Property Tax and Division of Local Government budget databases with revenues and costs.
- State Demographer's Office population estimates and forecasts

These data can be ratioed and/or combined into weighted indices that would drive the direct distributions. The direct distribution could be divided into separate pots driven each by its own metric.

Since these information systems are not built and managed for the purpose of the direct distribution, we should not over specify them in statute. Rather, a general statement of metric purpose should be put in statute and the actual specification left to a formal committee.

#### **PROPOSED STATUTORY CHANGE:**

Add additional metrics to the direct distribution formula. Make the metric a weighted index of a number of these factors. Alternatively, rather than fix some specific measures in statute, have the index and its components designed and set by a statutory committee such as the advisory committee under 34-63-102(5) in a fashion that adapts to the changing nature of impacts.

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# **Impact Grants and Loans:**

## **The Local Government Severance Tax Fund**

## **and the Local Government Mineral Impact Fund**

## **What are the first principles?**

**Why have state assistance to local governments impacted by mineral and energy development?**

**Local Governments are subdivisions of the state.**

**While each local government jurisdiction is responsible for its affairs, by state constitution, statute, court case, political necessity and just common sense, the state is politically and legally the ultimate guarantor of local governments' ability to perform.**

**By implication then,**

**the state legislature has a responsibility to assist local governments with issues and difficulties that are larger than they are prepared to cope with.**

**One of these is the large and powerful cycles of mineral and energy development which have moved across the state over its history.**

## **How many are there?**

**There are more than 2,700 local government jurisdictions in Colorado, and over 175 school districts.**

## **How big is the local government budget system?**

**The base county, municipal and special district budgets in Colorado total around \$23B.**

**To give a sense of scale, this \$23B in local government expenditure is much larger than the \$11B in total state government operating and capital expenditure.**

## **How Much is Mineral Related?**

**Using the percent of total county assessed value that is in the mineral production sectors as a proportion for each county,**

**\$2B of the \$23B local government budgets in Colorado are entangled with disruption by mineral production cycles.**

**Not included in this figure would be those local governments involved with host of proposed mines power plants, railroads & pipelines listed above, nor those dealing with abandon mines such as in Rio Grande or Boulder County.**

# **What is Mineral Development Impact?**

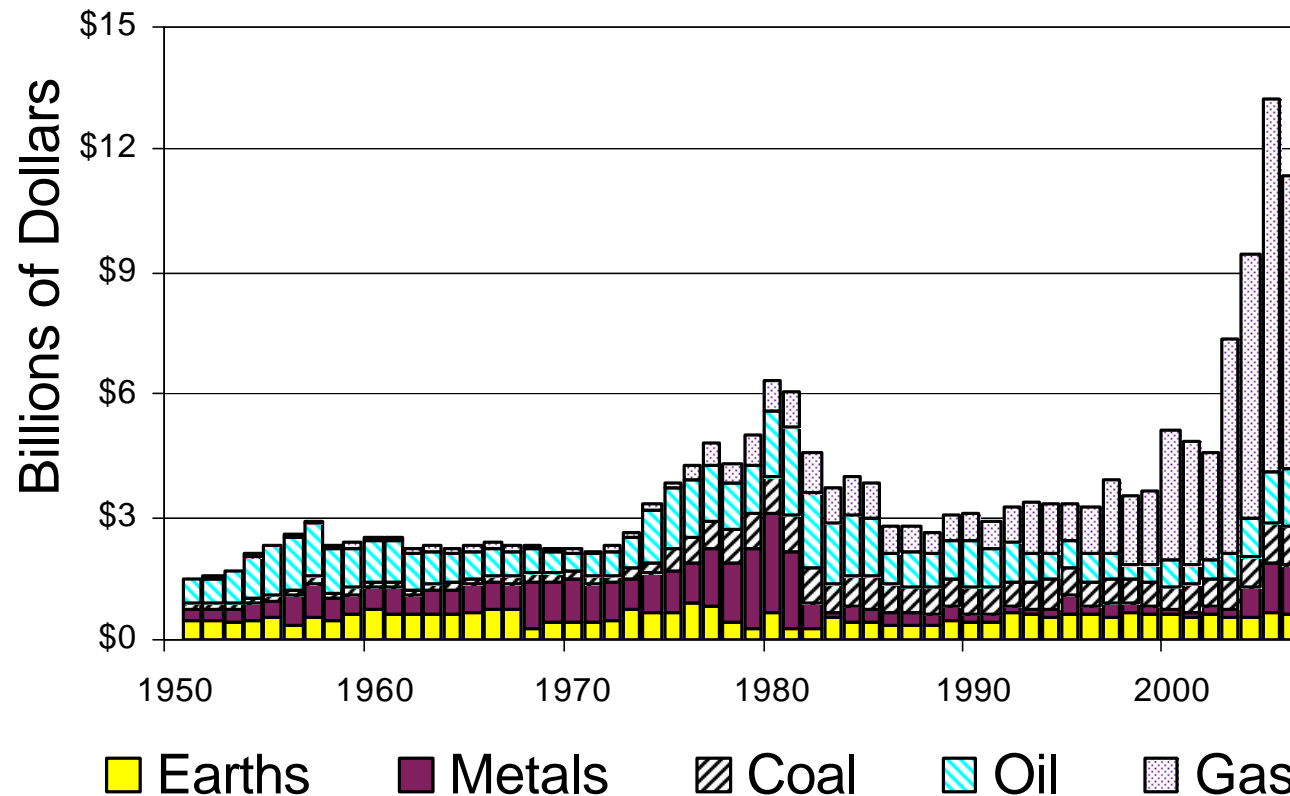
## **The “Life Cycle” of Local Government Impacts:**

- **Catch-up Improvements** to prepare the community for impacts
- **Net Cost Coverage** of the local government costs not met by revenues from mineral activities.
- **Contingency Funding** for the inevitable gaps and glitches that occur with the rapid changes in the mineral industry
- **Post Cycle Transition** support for the development of alternative economic base to replace the expired mineral projects.

**Through all this the overwhelming condition in the impact areas is risk and uncertainty.**

**Remember the 1982 mineral cycle? Look where we are now.**

## **Colorado Mineral Production in Real 2006 Dollars**

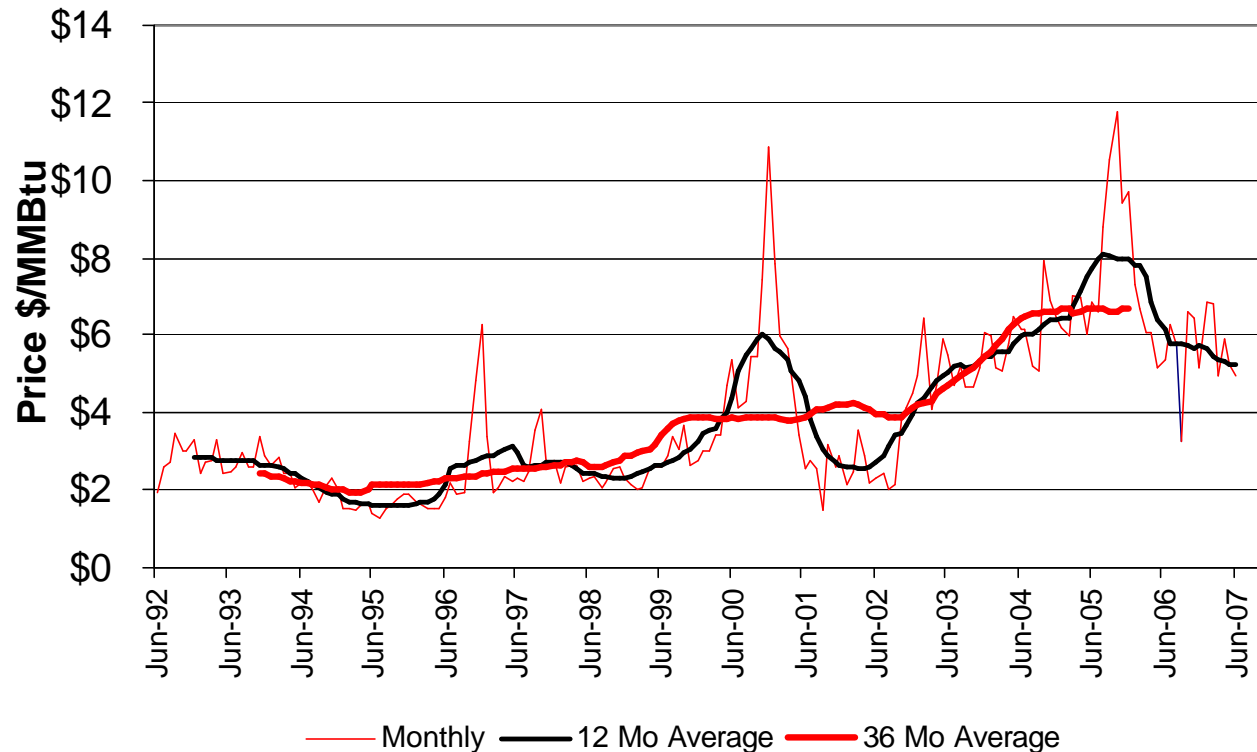




**The primary driver these days, for both impact costs and revenues is the price of natural gas.**

**This is not a stable picture.**

### **Colorado Wellhead Natural Gas Prices in Real Dollars**

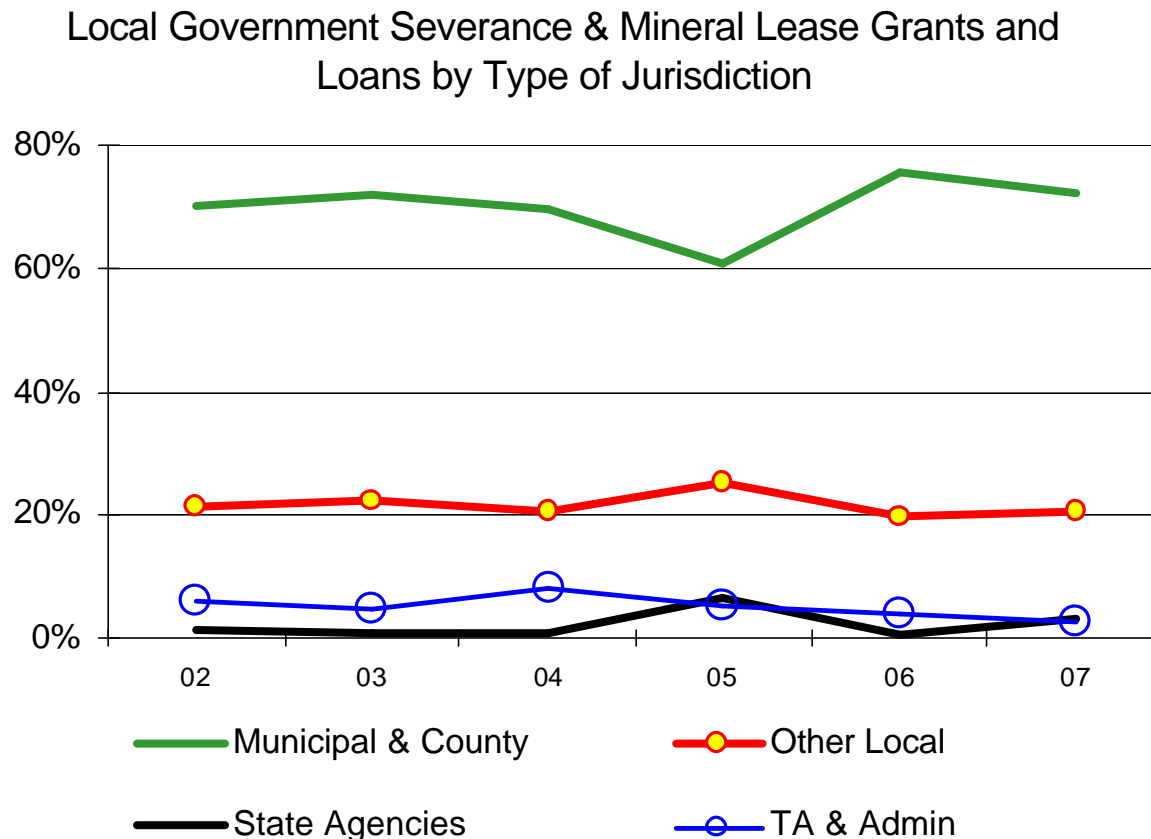


**Therefore, the state needs a contingency fund.**

- One which can respond to the unexpected.**
- One which can move quickly to the opportunities provided by other programs.**
- One which can provide both financial and technical assistance to the whole range of local governments which provide service in the impact areas.**
- One which pools the risks to local governments across the state.**

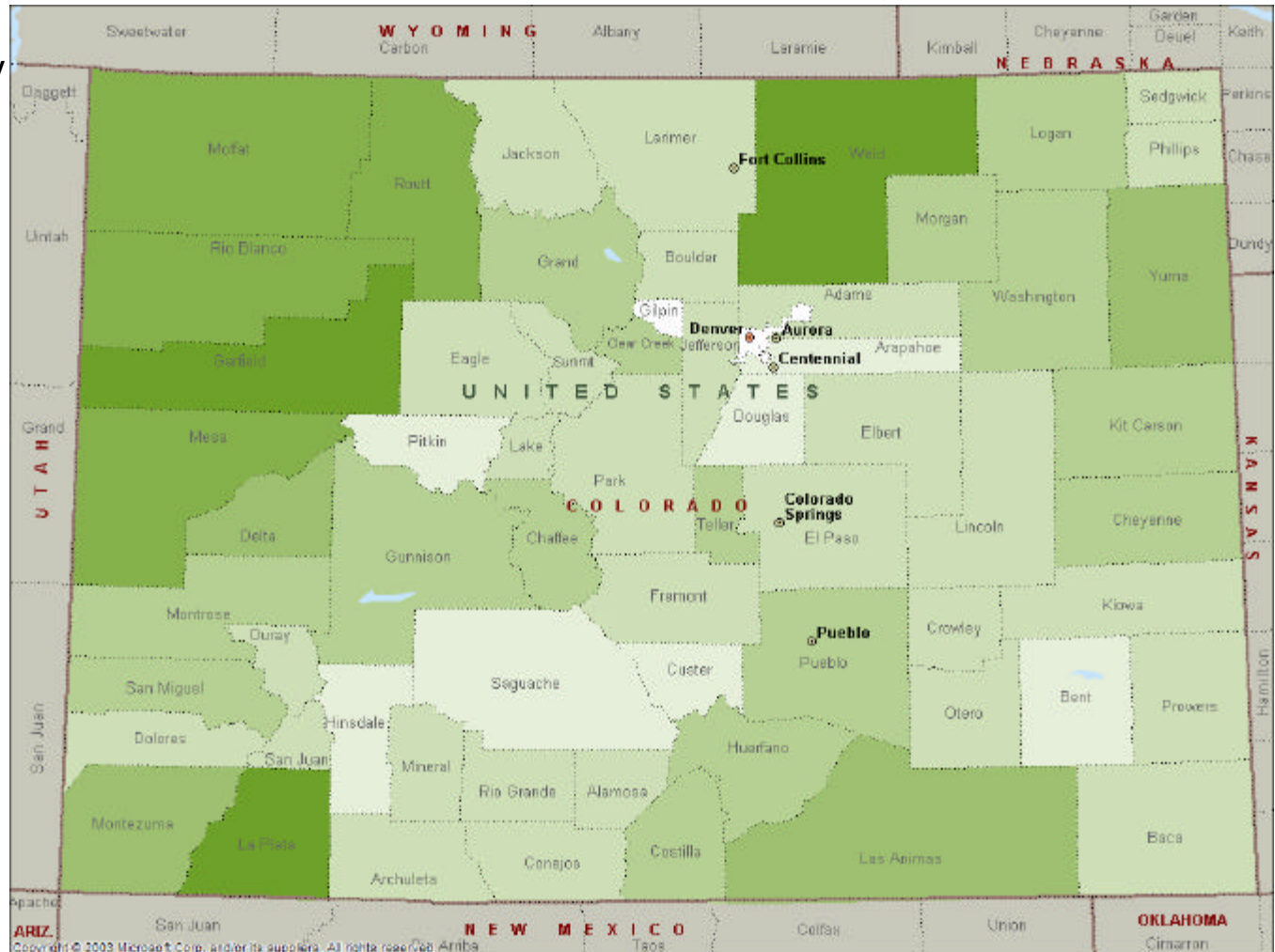
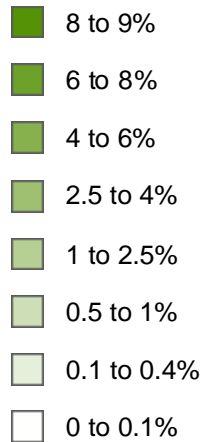
**The direct distributions are only paid to towns and county governments.**

**The discretionary local government grant programs provide 25% of their funds to jurisdictions that are not municipalities or counties.**



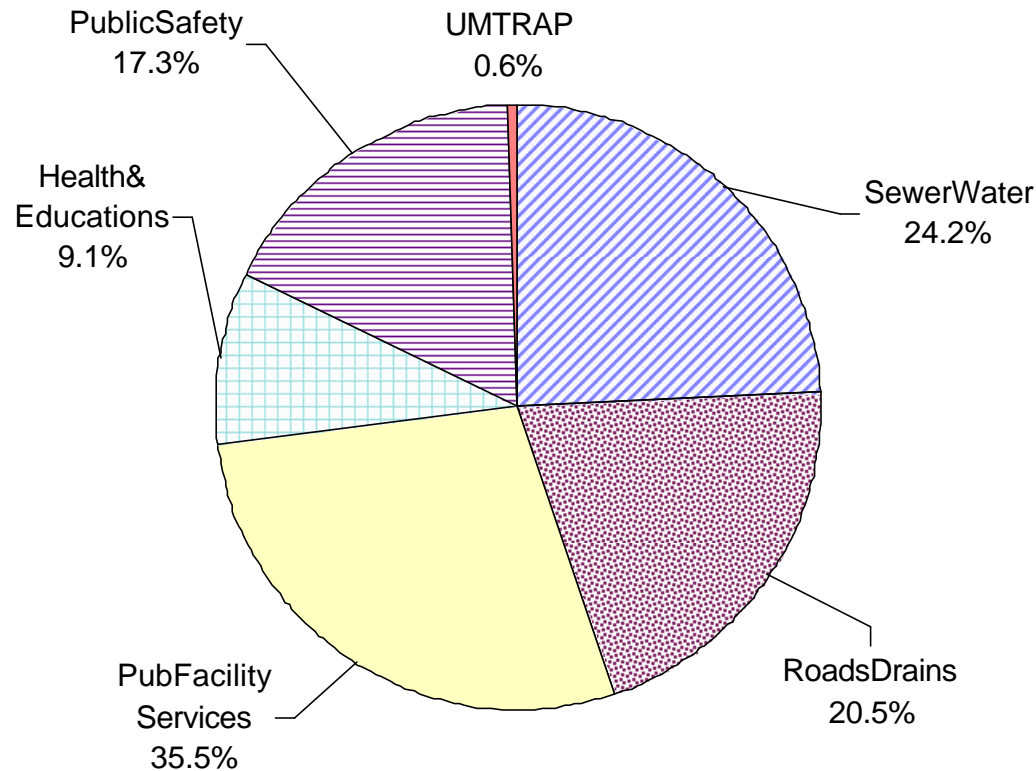
# Local Government fund grants and loans have followed the impacts throughout the state.

Percent FY98-07 by County



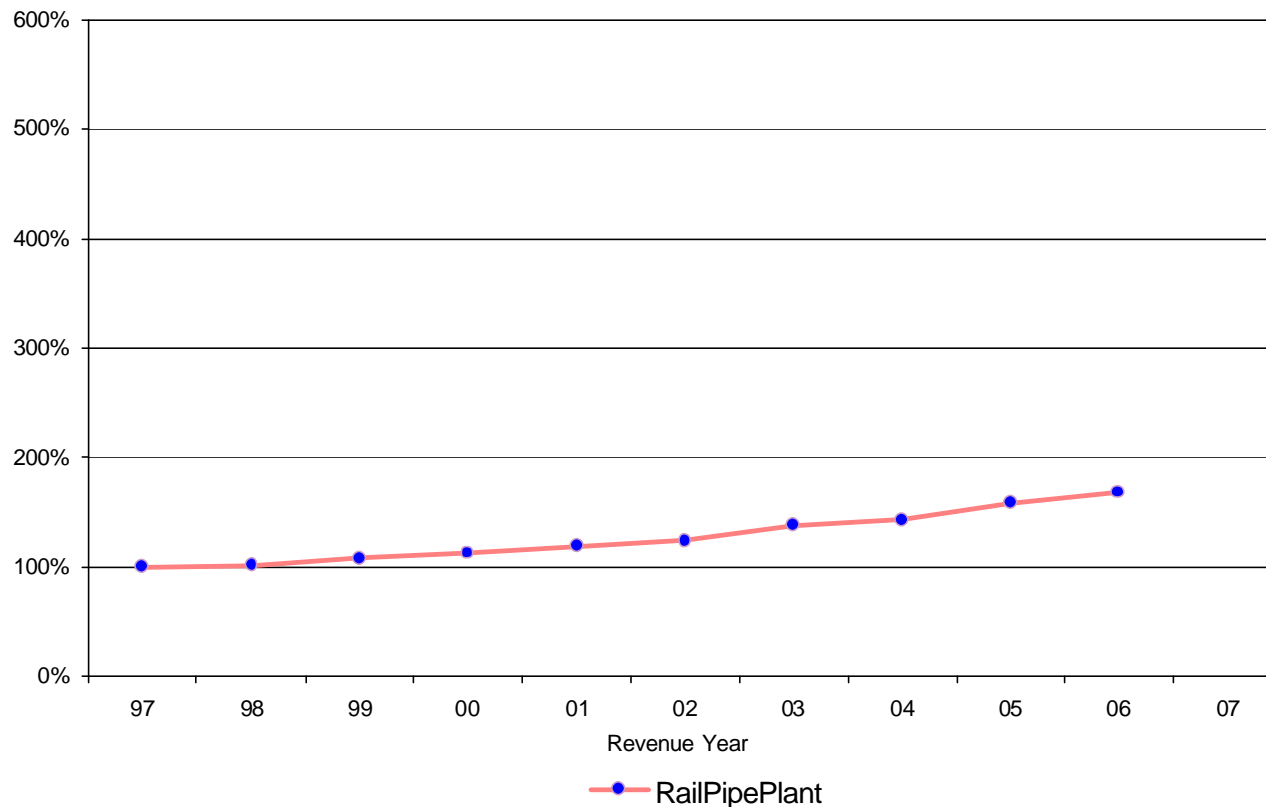
**The Local Government Impact program has funded the whole range of local program needs. But the vast share has been for infrastructure.**

### **TOTAL Impact Program Awards 2001-06**



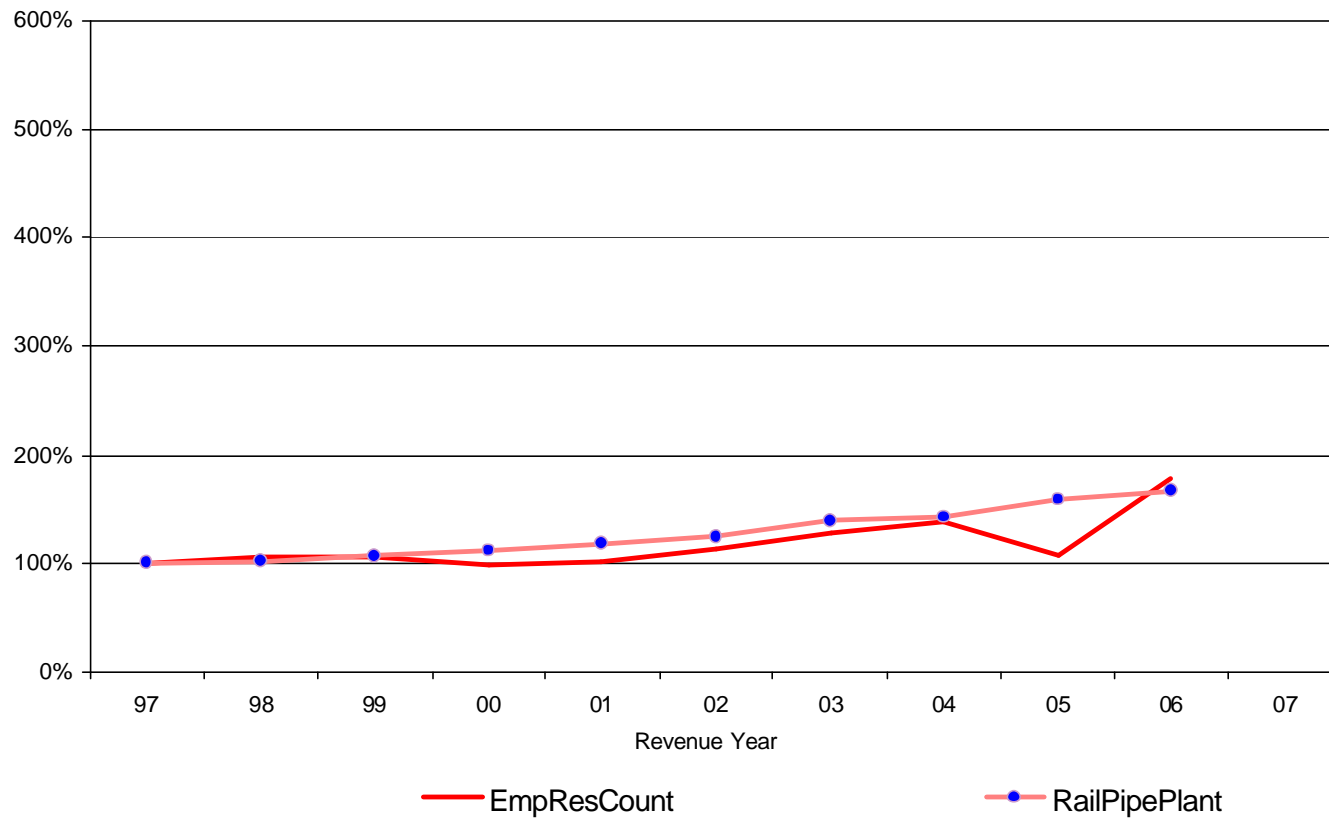
**Rail Pipeline and Powerplant developments have increased 75% in the last decade. Local Government impacts rose in concert.**

**Mineral Costs Rev Indices 1997=100**



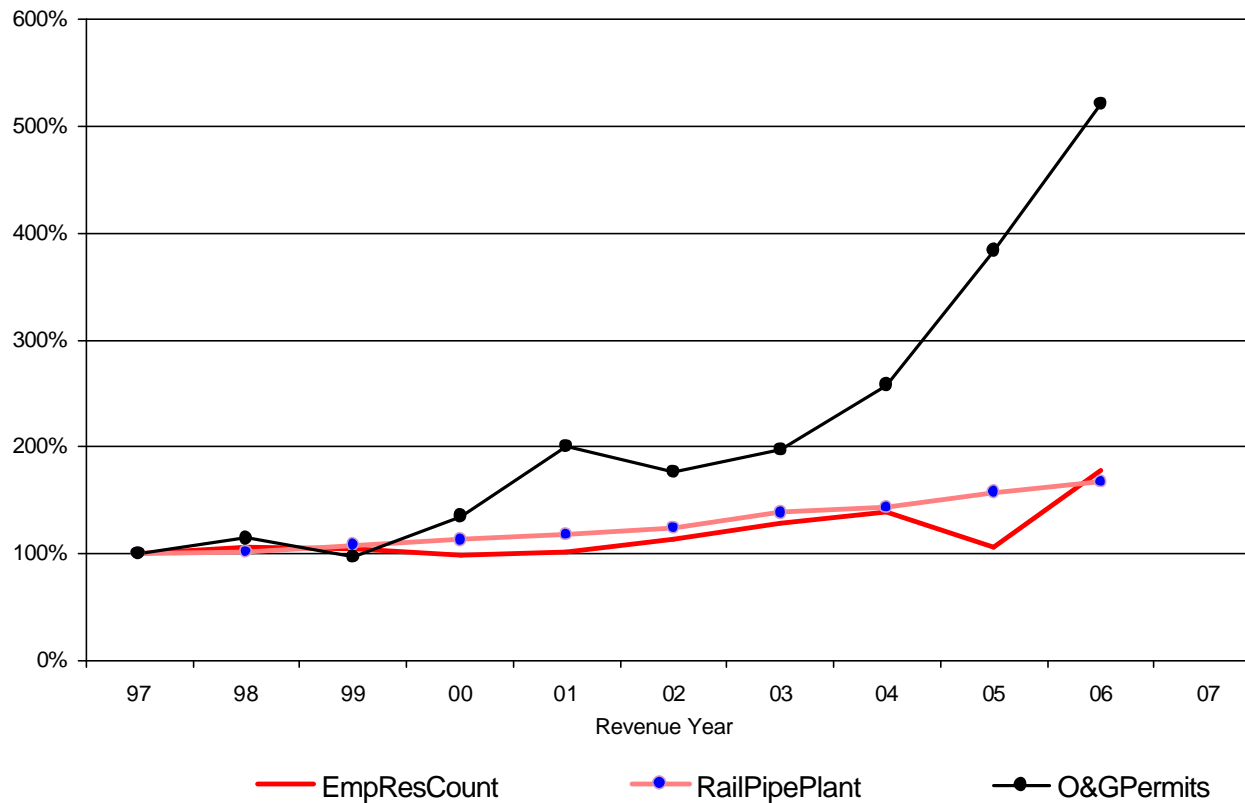
# Mineral producer employee residence counts increased about the same rate.

Mineral Costs Rev Indices 1997=100



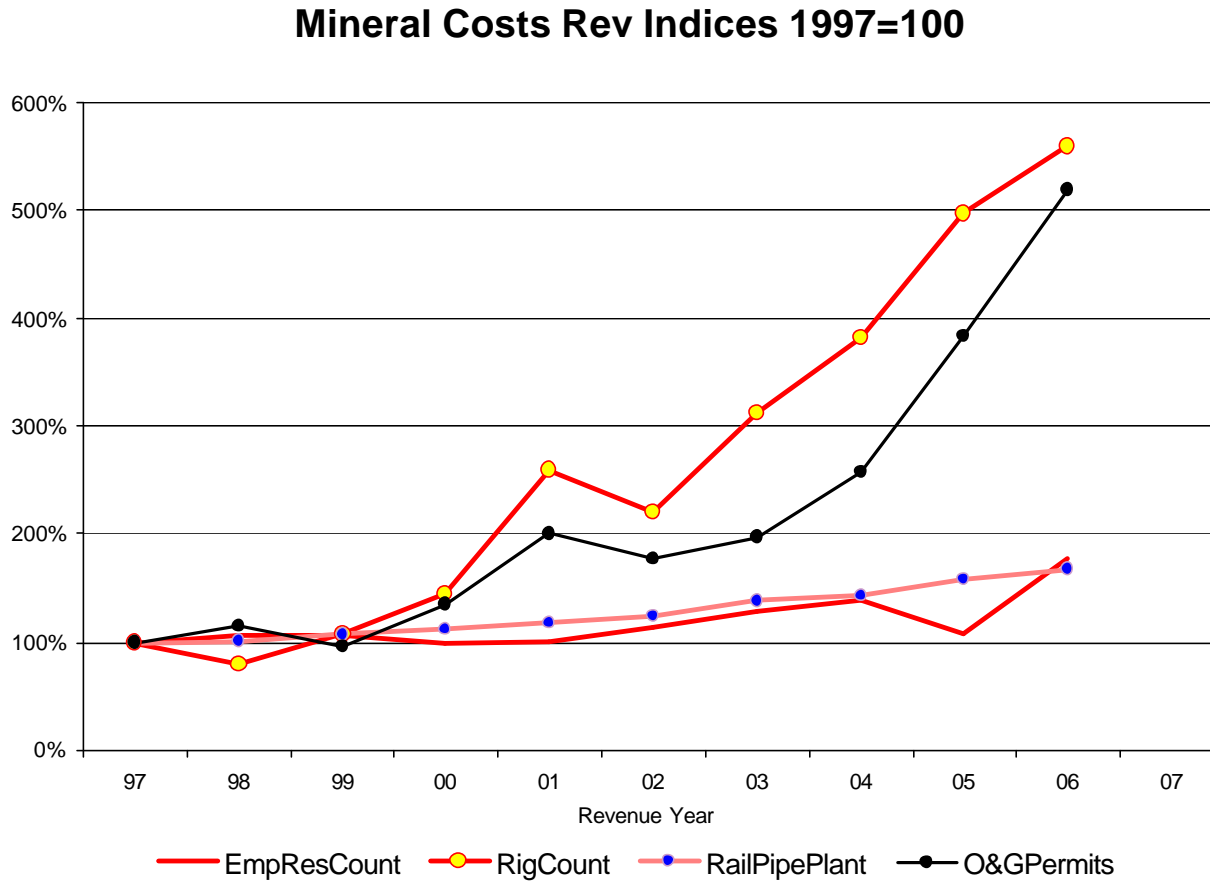
**Oil and gas well permitting has risen over 500% in the decade,  
with associated impacts on local governments.**

**Mineral Costs Rev Indices 1997=100**



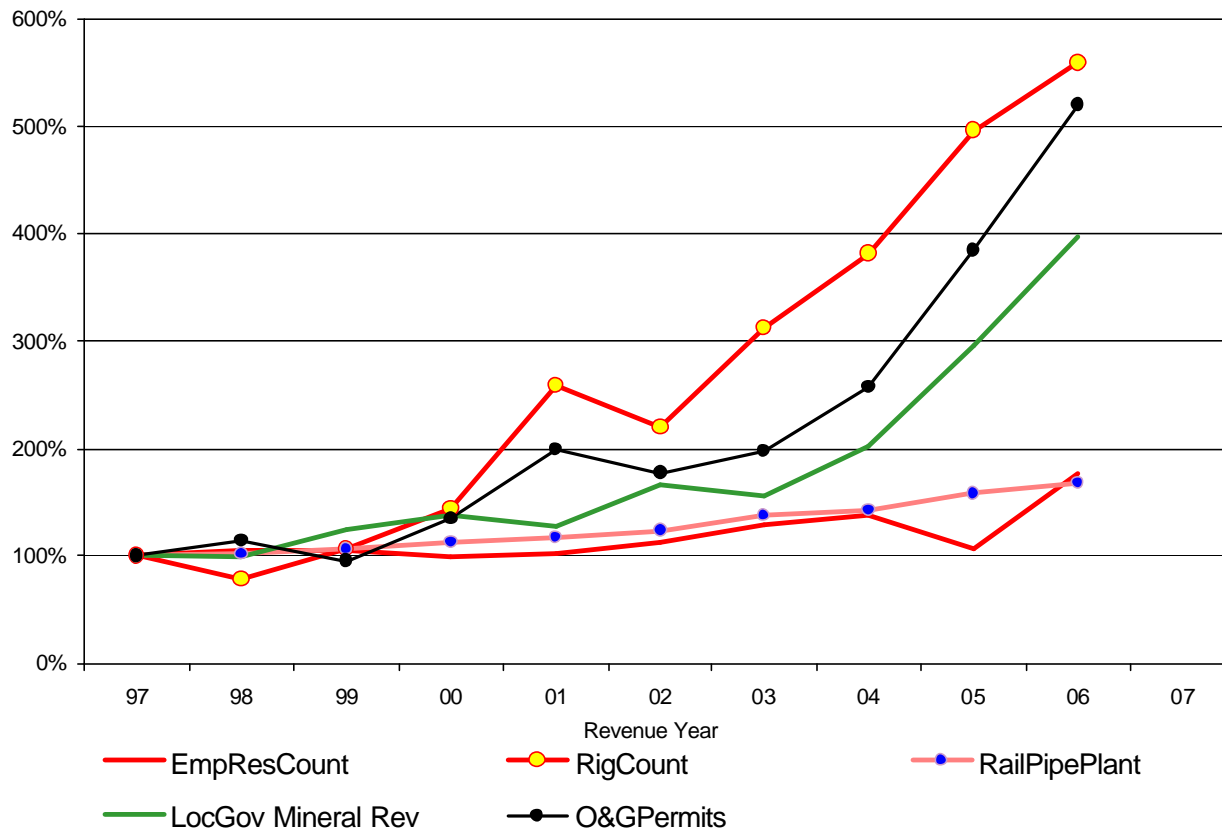


# Drilling rig counts have risen even more, rumbling across county roads.



# Revenues to Local Governments from mineral production have not kept up with some of these cost indices.

Mineral Costs Rev Indices 1997=100



## **CONCLUSION:**

**The local governments need a large, stable and secure mineral impact contingency fund which retains significant fund balances in flush years in order to be available for the inevitable difficulties,**

**and provides technical assistance to local governments to manage their finances, facilities and services development to properly respond to the mineral impacts.**

## **HOMEWORK:**

**Discussion paper on the grant and loan programs in the Local Government Severance Tax Fund and the Local Government Mineral Impact Fund.**